

COUNCIL MEETING

August 3, 2011

The Council Meeting of the Council of the County of Kaua'i was called to order by Council Chair Furfaro at the Council Chambers, 3371-A Wilcox Road, Līhu'e, Kaua'i, on Wednesday, August 3, 2011 at 9:30 a.m., after which the following members answered the call of the roll:

Honorable Dickie Chang
Honorable KipuKai Kualī'i
Honorable Nadine K. Nakamura
Honorable Mel Rapozo
Honorable JoAnn A. Yukimura
Honorable Jay Furfaro, Council Chair

EXCUSED: Honorable Tim Bynum

Council Chair Furfaro: I would also like to make note that I do have a letter from Mr. Bynum who, due to some family matters, will be absent from this August 3, 2011 meeting. Let the record reflect he has an excused absence. Thank you.

APPROVAL OF THE AGENDA:

Mr. Rapozo moved for approval of the agenda as circulated, seconded by Mr. Chang, and unanimously carried.

MINUTES of the following meetings of the Council:

Council Meeting of July 21, 2011

Mr. Kualī'i moved for approval of the minutes as circulated, seconded by Mr. Chang, and unanimously carried.

Council Chair Furfaro: Thank you. Before I move on to communications, I would like a moment of personal privilege. For members, I would like to pass out to you the minutes of the meeting that I had with some of our staff as it relates to our move to the Old Historic County Building. There is a timetable calendar enclosed as well as a little history statement that deals with the original opening of the building on May 9, 1914; a value statement that we worked on with a group, with Ginger—she is here, thank you very much—and Christiane Nakea-Tresler and Morgan Moises (sic), dealing with the creation of a value statement focusing on the roots of our county's political history in this building; a clear three-point statement of our mission as we perpetuate citizens' investment, and managing the asset, and showing good stewardship to our political subdivision; and a vision statement that deals with our island home and Kaua'i pride. Attached is the calendar for the months of August through September as it relates to dates that you can put in your calendar for the move. So that is the results. All staff members participated in that meeting and this is for your information. I'll be glad to answer individual questions, but those are notes from the staff meeting.

On that note, may we go to Communications?

PETER A. NAKAMURA, County Clerk: Council Chair, we're on page 1 of the council's agenda under Communications for receipt, communication C 2011-219, C 2011-220, and 2011-221.

COMMUNICATIONS:

C 2011-219 Communication (07/05/2011) from the Chief of the Building Division, Department of Public Works, transmitting for Council information, the Monthly Report on Building Permit Information for June 2011 which includes the following:

- (1) Building Permit Processing Report
- (2) Building Permit Estimated Value Summary
- (3) Building Permits Tracking Report
- (4) Building Permits Status

Mr. Rapozo moved to receive C 2011-219 for the record, seconded by Ms. Yukimura, and unanimously carried.

C 2011-220 Communication (07/14/2011) from the Assistant Chief Procurement Officer, transmitting for Council information, the 4th Quarter Statement of Equipment Purchases for Fiscal Year 2010-2011, pursuant to Section 18 of the Operating Budget Ordinance No. B-2010-705: Mr. Rapozo moved to receive C 2011-220 for the record, seconded by Ms. Yukimura, and unanimously carried.

C 2011-221 Communication (07/19/2011) from Council Chair Furfaro, transmitting for Council consideration and confirmation, Council nominee Maurice Nakahara to the Public Access, Open Space, and Natural Resources Preservation Fund Commission (At-Large): Mr. Rapozo moved to receive C 2011-221 for the record, seconded by Ms. Yukimura, and unanimously carried.

Council Chair Furfaro: Thank you. Next item please.

Mr. Nakamura: Next matter is on the bottom of page 1 of the council's agenda, communication C 2011-222.

C 2011-222 Communication (07/20/2011) from the Director of Parks & Recreation, transmitting for Council information, the Ke Ala Hele Makalae Quarterly Report dated June 2011.

Council Chair Furfaro: Thank you. Before I do that, I'm very sorry; I didn't see your hand behind the camera, Mr. Mickens. The rules are suspended.

There being no objection, the rules were suspended.

GLENN MICKENS: Thank you, Jay, for the record Glenn Mickens. I presume that Parks and Recreation will be giving a PowerPoint or something on this.

Council Chair Furfaro: That's correct.

Mr. Mickens: Okay, but I'll...

Council Chair Furfaro: Would you like to hold your testimony until after and I repeat, after the presentation?

Mr. Mickens: After the presentation? It might be a good idea, Jay.

Council Chair Furfaro: Fine.

Mr. Mickens: It's up to you, you're the chair, but it's okay with me.

Council Chair Furfaro: I've always tried to attempt to give it at the time when we actually have the presentation versus the communication.

Mr. Mickens: Sure.

Council Chair Furfaro: This is only the communication. I'll call you up then.

Mr. Mickens: Right, okay. Thank you, Jay.

There being no one wishing to testify at this time, the meeting was called back to order, and proceeded as follows:

Council Chair Furfaro: Any further discussion? All those in favor on the receipt of the communication?

Mr. Rapozo: Mr. Chair, I think...did we just vote on that?

Council Chair Furfaro: No.

Mr. Nakamura: No, motion and second.

Mr. Rapozo: Okay, yeah, I believe we have to do the presentation before we vote if we want the presentation, otherwise, we're done.

(Inaudible.)

Mr. Rapozo: No, there's no item. This is just the report.

Council Chair Furfaro: No, I'm waiting. Lenny was talking to one of our aides. I know you can't see, but she was in the back talking with him.

There being no objection, the rules were suspended.

Council Chair Furfaro: Okay, Lenny, the rules are suspended. Staff, he has brochures to pass out.

LEONARD A. RAPOZO, JR., Director of Parks & Recreation: Good morning, for the record, the director of parks & recreation Lenny Rapozo.

Council Chair Furfaro: Okay, Lenny, we have read the communication. You plan to make your...I guess this is your quarterly presentation.

Mr. Lenny Rapozo: This quarterly presentation is an attempt to hope to answer any questions that councilmembers may have or just...

Council Chair Furfaro: Excuse me a minute. Mr. Mickens, if you'd like to have my presentation afterwards, I'd be glad to give it to you. I only saw seven books handed to our staff. One has to be for the staff file. So I'll give you my book during this presentation.

Mr. Lenny Rapozo: So this quarterly report is to bring up to date the council as to where the project is and what we have done for the first six months of this year. Can I begin?

Council Chair Furfaro: Yes, go right ahead.

Mr. Lenny Rapozo: I have a PowerPoint presentation.

Council Chair Furfaro: Can you wait a minute while some members get settled?

Mr. Lenny Rapozo: Sure. We're good?

Council Chair Furfaro: Go right ahead.

Mr. Lenny Rapozo: Before you, I presented a book, which is part of the PowerPoint and has some additional information that will be coming up on the PowerPoint for councilmembers to review and for your information. And this presentation is a quarterly report that we decided to do to cover the first half of 2011. So this page here, we want to show you that the total length of the constructed path is approximately 6.8 miles thus far. That's what this quarterly report will cover.

This page is the path segments, Phase I, Phase II, III, IV, V, and VI, and the Bike Task Force, it's called the Bike Path Task Force, which is comprised of decision makers within the county to help move this project along, it is chaired by myself, the director of parks & recreation, and the members are the deputy of parks & recreation; my secretary who takes the minutes; deputy county engineer Lyle Tabata, if any public works decisions need to be made, he's at the table; Doug Haigh, who is the chief of buildings, who although is under public works he contract manages this project, so essentially he reports to me when it involves this project; the finance director Wally Rezentes, Jr.; Mike Dahilig, the director of planning, if we have any planning decisions or questions, he's at the table; and our attorneys, Mauna Kea Trask and Mona Clark, who help with our legal stuff. Mona is real good with our property and our assets that we work through. Mauna Kea is good with native Hawaiian organizational issues and planning legal issues. And Christina Pilkington is also part who is our ADA coordinator.

The summary, the bike path task force continues to work towards completing the bike and pedestrian path. The following is a summary by phases. Phase I – Lydgate Park: the construction was completed in 2004. Phase II – Kapa'a to Keālia: construction was completed in 2010. Phase III – Lydgate Park to Kapa'a: the Wailua Bridge section, the final construction of the bridge and the path on the bridge, the path part is still pending, but the bridge itself was completed and opened on May 31, 2011. Phase A, which is Lydgate Park to the north end of Papaloa Road, and the Kawaihau spur, that part is currently going to be under construction with a notice to proceed to be issued sometime within this month.

Council Chair Furfaro: Lenny, could I ask you to pause right there?

Mr. Lenny Rapozo: Sure.

Council Chair Furfaro: We just checked to see how the camera man was picking up the presentation and it's not coming out well with the black on the green, so we're going to shut the lights off.

Mr. Lenny Rapozo: Okay, sure.

Council Chair Furfaro: If you can give us a second. Thank you for your patience.

Mr. Lenny Rapozo: Phase B, where construction funding obligation is pending, we're just about done with working with State DOT and obligating the moneys for this particular phase. And if you remember when we came for the traffic resolution a few months ago, that's what was needed to have this process move forward in order for us to complete the PS&Es, like 100 percent construction design completed, and we're moving forward with this Phase B.

Phase C&D, a supplemental environmental assessment is currently in progress. If you recall initially, the path was to go from Papaloa, up Lanikai, cross over Kūhiō Highway, and traverse through the Midler lands behind Foodland, and by Safeway we get on the...oh, I'm sorry, by McDonald's get on the bridge and make our way. Mayor Carvalho wants to keep the path a coastal path and his decision was made to continue the path along the coast. And so from Papaloa, we now have identified the county easement that allows us to get to the path and this would be Phase C&D.

Phase IV, the Ahukini Landing to Lydgate Park, we're in the planning and permitting phase.

Kuna Bay to Anahola (Phase V), that planning work has been postponed.

Phase VI, Nāwiliwili to Ahukini Landing, we are in the planning and permitting phase.

On page 4 of your book, the work completed during the months of April, May and June, Phase II – Kapa'a to Keālia, final easements were issued and we closed the construction contract. Phase III – Lydgate to Kapa'a, the Wailua Bridge section of construction was completed. In Phase A, we finalized land acquisitions; we opened the bids for construction work. In Phase B, we're finalizing land acquisitions and securing construction funding during this period. Phase C&D, we started the supplemental environmental assessment with the cultural assessment for this particular phase of the path.

And on page 5 of your book is a picture depicting the work that has been completed, the bridge which was named in honor of former Mayor Bryan J. Baptiste and a picture of the crosswalk entering into the south parking lot of Wailua Beach, which also is part of the pathway crosswalk.

And on the following page is a picture of the interpretive Hawaiian sign, and the bottom picture is the path as it approaches Kuamoo, where it's currently stopped. That was the end of the bridge project. And behind that blue emergency communication phone is where this particular interpretive sign is. This is a temporary sign and the permanent sign will be part of Phase III or this current contract to be implemented from Lydgate out to Kuna Bay.

Continuing the work completed, Phase IV – Ahukini Landing to Lydgate Park, the final environmental assessment is pending resolution of the National Historic Preservation Act, Section 106 consultation process. Phase V, no work is being done. It's on hold pending completion of other phases of environmental planning work. Phase VI – Nāwiliwili to Ahukini Landing, the final environmental assessment is pending resolution of the National Historic Preservation Act, Section 106 consultation process.

Phase IV and Phase VI, what is important to note and why work is completed is that we went through a process with the federal government in consultation with Native Hawaiian Organizations. And the process has now been narrowed and finalized as to what the procedures are. There was always a question as to how much consultation, when do you consult, or what are the mitigating. And you know I'm proud to say that our very own Doug Haigh came up with procedures that he submitted to the state and the federal that they have adopted for the state and is the model now in dealing with Native Hawaiian Organizations in consultation that came from Kaua'i. So that's the part that was completed. Now that we have this process, it's going to make it easier for all the other phases that have been delayed, including the current one. Now that we have a process, what we're going to do is the right way to do it.

Work that needs to be completed or is currently being completed, Kapa'a to Keālia (Phase II), we need to close up the construction contract, meaning finish paying off those that did the work. In Phase III, Lydgate to Kapa'a, the Wailua Bridge section, there is a section along there, if you drive up, that still has a little bit of boards that needs to be finished off. That part of the path, once that is complete, will be done. We need to work with the Aston Kaua'i Beach Hotel to adopt the section of the path that is adjacent to the hotel so that they can provide the maintenance for that path, which would be a good win-win situation. They've indicated that they are interested, but the formal agreements haven't been finalized yet. Phase A, we award and start construction contract. As I mentioned earlier, we anticipate the notice to proceed to be completed sometime within this month and continuing the Wailua Beach section of the National Historic Preservation Act, Section 106, today we are doing the EIS on that section in the right-of-way. Now the 106 consultation process, it has been noted that the county has closed the process. But Mayor Carvalho wanted to assure the Native Hawaiian organizations that there are no or if there are historic sites or historic properties within the right-of-way, he wanted to assure them that we would do what was right. And so although we did not...we weren't required to do an archaeological inventory survey, he felt that it was proper or just to assure everybody involved that historical sites may not be there, he ordered that and that process is taking place as we speak right now.

Phase B, we continue to finalize land acquisitions and secure construction funding and bid work. Part of the finalizing with land acquisitions, today in your legal documents is a legal document from Lae Nani. Initially with Lae Nani, we had wanted to do a right-of-way because of the make-up with all the different condo owners. It was difficult to try and get an easement prior, so we were just going to execute a right-of-entry and go and do the work. Now, they have gotten everybody together and they have given us an easement, and it's on your agenda today in the legal document section, and what that does, by giving us this easement of this land, is it's going to count toward our soft match contribution. So when it's complete, we will take an assessment of it and it will be four times whatever the assessment is, which is going to be contributed and it's going to give us our soft match and increase our soft match. Phase C&D, we'll work to publish a draft supplemental environmental assessment. And again the hold up on that was the NHOs (Native

Hawaiian Organizations) and what was the process and how we were going to consult with them. But now that we have that in place, we're moving forward to completing that phase. And I wanted to just show you some of the beautiful sights and pictures of the path as you're walking on the beach. The bottom picture, if you go around the turn is where a brief section of the path needs to be completed.

I'm sorry, Mr. Mickens, I can answer your questions later.

On the next slide on page 10 is a picture of the interpretive signs, and this area is located right next to Aston Kaua'i Beach Resort, and these are temporary signs. I just wanted to show you the beginning of the Lydgate portion of the path and we're going to work towards Lihi.

In continuing the work that needs to be completed, Phase IV – Ahukini Landing to Lydgate, again, we need to complete the 106 process so that the draft environmental assessment can be completed. Phase V, no work. This is on hold pending other phases of environmental planning work. Phase VI, again, is the 106 process that we need to work through.

Maintenance Programs, Safety Barriers, the county parks maintenance crew continues to maintain safety barriers along the path at Pono Kai seawall. The Path Maintenance Program, parks maintenance crews conduct daily maintenance of the path and all of its facilities along the path, which includes comfort stations, pavilions, rest stops, trash receptacles, and periodic checks and lubrication of some of the locks. In some cases, we are changing locks because the Hawaiian salt water just busts everything up. We also have the Friends of the Path, which is an organized group of volunteers, who clean the path from Kapa'a...Lihi to Keālia every second Saturday of the month and they help us to maintain, do the added maintenance that needs to be done. Signage, daily maintenance checks as our people work the path and not necessarily only the maintenance crew, but also our rangers. They do daily maintenance checks of the signage and we replace the signs as needed. And as part of an agreement with the State DLNR, we do need to make quarterly reports and annual signage reports that are sent to the State DLNR reporting. Enforcement, periodic checks along the path are made by our park rangers. And the next is just an example of how our rangers monitor the path. We have an RTV and they walk and some of them even ride a bike that we have.

Programs to be expanded, Cultural Awareness through our signage program using Hawaiian place names and narratives of significant places. This is to be completed with Phase III, which is right now, the part that we're going to construct. And these permanent signs will have Hawaiian name places and narratives telling the stories about the different areas, and those temporary signs that I showed you will become permanent signs in this contract. The Path Use Program, this continues in developing use guidelines and regulations of the path. Emergency Response, to work with emergency responders in case of events on the path, how can they respond effectively and efficiently as quickly as possible. And of course our Path Facilities Maintenance. Our signage program will have to continue and we will expand as the path grows and we will continue to need to make our quarterly and annual reports to the State Department of Land and Natural Resources. And Enforcement on the path will be ongoing.

The key here is to develop use guidelines and regulations because as the path grows...when the path was first opened up in 2009, we knew the community would want to use the path for events. Whether they were fun runs, walks, bikes, any type of community event, we knew that was going to be. But we really did not have any guidelines or an idea as to what's the capacity of the path and what the path

can handle. And so in 2009 with Get Fit Kaua'i, we started the Mayor-A-Thon and the Mayor-A-Thon was really three-fold: (1) it's an event that promotes health and wellness, (2) it's a great community event to bring the community together from across the island to do three different things. We can walk the path, ride a bike on the path or run the path. (3) But more importantly, it was the signature event that has provided us the knowledge of what kind of capacity the path can take. So our first year of the Mayor-A-Thon, we had anywhere between 600-700 participants. The second year, it was 1,000. This past year, depending upon who you speak with, we figured it was about 700; the *Garden Island* reported about 900. But what that does is that it enabled us how do we (inaudible) an event on the path and how to manage the path. Our staff worked with Get Fit Kaua'i in partnership to put the event on and it's become a really great community event. Some other community organizations that have used the path and support the path, the Kapa'a High School Foundation has done a fun run or fun walk fundraiser for the first year. MS Kaua'i has done a sunset walk/run fundraiser for the first year. Ho'ola Lahui Hawai'i has done a fun walk/run fundraiser for the past three years and they have also become a partner with the Mayor-A-Thon, and Ho'ola Lahui is now responsible for all the aid stations. They also do Zumba after the walk after everybody comes back and they have a little thing, and it's all to promote health and wellness. So they've become a partner with the Mayor-A-Thon. The Kaua'i Humane Society has done a fun walk/run fundraiser for the first time. The American Cancer Society, along with the Kaua'i Humane Society, they want to start Kaua'i's first annual Bark-for-Life, which is similar to the relay for life, which is still in the planning stages, but some discussion has been made of doing it from the Lihi going north on the path. And KIDS Preschool uses our path maybe once or twice a week for walking excursions with our keiki. So the path has definitely become a community place.

On the next page, what I wanted to show is the different modes of what transpired at our Mayor-A-Thon. Aside from the famous Happy Camper over there, these bicycles is one mode of transportation on the path, the runners, and I said the walkers. And we had found that in order to manage an event like this, we let the bikers go out first because they're going to travel the most, they have equipment meaning the bikes, and they get on the path to do their activity first, followed by the runners who are slower than the bikes but faster than the walkers. And lastly, we send our walkers out. So now what this does with the Mayor-A-Thon and having these three activities, anybody that comes in and wants to use the path as a fun event or an event, we're able to manage them and ask them, well, what do you anticipate, what do you want to do, are you guys just walking, are you running. Well, whatever it is, the combination, well, this is how we believe you should do it to minimize congestion, to minimize accidents, but just to make the event a better experience.

This slide, I wanted to show you the different types of people who enjoy the path. And this, again, was taken from the Mayor-A-Thon, but this is a classic example of the different types of community uses on the path. You have people that use strollers, people with dogs, people with babies on backpacks, and just people period. And this gives you a broad indication of having the path next to the Kapa'a Beach Park and the people or the view of the people that attended this signature event.

We're moving on to Challenges, some of the challenges of the path. The rock fall mitigation is ongoing. Vandalism and graffiti, we continue to deal with that, and the usage of the path. The rock fall mitigation, which is these fence...these pictures here are located if you're going north of the Keālia comfort station. And they're doing their job. We wanted to show you that the rock fall mitigation is doing

their job where rocks have fallen behind the fence, the fence has protected the path, and our people open the gate, go behind the fence, and remove these boulders, and restore the fence to the way it should be.

Graffiti, this sign here on challenges, this sign here was taken about a month ago and this is right off of Keālia Point. One of our county employees came in, took a picture, and sent it to parks. And immediately we needed to address this and get the proper signage there so that it protects the county against any type of liability.

The Kaua'i Path is this volunteer group that helps us. This is some of the stuff that the Kaua'i Path has done for the county. Some of our community people decided that they couldn't find a chalkboard and decided to graffiti the parking lot. We asked the Kaua'i Path if they would be able to go out there and take care of the graffiti. They responded by getting there and cleaning up the graffiti within the week, which I think is phenomenal for us. It's a great partnership with the Kaua'i Path.

The Kapa'a Sands land acquisition, the final offer and purchase agreement was based on negotiations to Kapa'a Sands. In the final offer, the land was purchased for \$100,000. Reimbursement for reasonable administrative fees consisting of the appraisal cost and attorney fees as related to the sale of the property was also part of the negotiations. The number for these reimbursements has not been determined yet because the Kapa'a Sands property or the documents have not cleared the Land Court, so we don't have a final cost for that. But it was part of the negotiations that reimbursement was entitled.

In your books, in the next page is a summary of the land acquisition of what had transpired. And the negotiations started on July 1, 2009 and on August 11, 2009 is when the final offer was made (based on these negotiations) to Kapa'a Sands and the land was purchased for \$100,000; reimbursement for reasonable administrative fees consisting of appraisal cost and attorney fees related to the sale of the property; and property adjustments. The property adjustments included the relocation of the Kapa'a Sands sign, trash enclosure, and propane tank; enclosures and signs shall have moss rock walls at the entrance and the exit to the parking lot with safety mirrors; parking lot modifications to maintain existing size and provide 1.5-inch asphalt concrete topping, provide electrical conduits for future electric gates; replace existing fence with a 6-foot high aluminum fence similar in quality to the swimming pool enclosure fence; re-establish landscaping and irrigation system maintaining high foliage for privacy. The construction cost, once the contractor came onboard and through Doug's insistence and Doug's communication with the contractor to try and zero down a better cost for all of these adjustments, as of June 14, 2011 this \$159,500 is the estimated cost. We believe and are hopeful that once construction starts that this cost can possibly go down even lower as we work with the contractor.

This slide is Papaloa Road as it is today from the Kapa'a Sands. This is the Kapa'a Sands today where the sign is and the trash enclosure. And this is where the gas tank is that needs to be relocated for Kapa'a Sands.

This picture here is what we are trying to achieve on Papaloa Road from fronting Kapa'a Sands down the rest of Papaloa Road. This is the vision that we have for the path with foliage, an area or a lane for bicycles, and pedestrians and a place for cars to traverse.

This conceptual design is the conceptual design for the readjustment of the sign for Kapa'a Sands. This is the landscaping and the fence that we want to have. And this is the enclosure area where the gas tank is that will be redone or relocated as part of the readjustment.

Project Funds Expended to Date, federal moneys that have been expended or encumbered or obligated or committed to this project, which is currently ongoing, is \$30,129,446 federal dollars. County funds that have been expended to date is \$521,231. What does this mean? The note to this is that the total dollars of county and federal funds that have been spent or encumbered to this project is \$30,650,677. These dollars provided a direct impact on Kaua'i families in the form of jobs that the multi-use path provides in its construction and I think that is very important.

In your book, you have an accounting, following that, of the different funds where the county money and the federal moneys are coming for this project to date. County funds include the Bikeway Fund, County Operating Fund, County Bonds, County CIP, and Transportation. The Transportation Fund is 80 percent federal, 20 percent county, and the reason for that, that was the bus stop that was constructed at the Keālia portion of the path along Kūhiō Highway. The federal funds is HUD funding and Federal Highway funding, which makes up the totals. If we were to add all of these funds together, we would get our \$30,129,446 and the county funds would be \$521,231. For the Transportation Fund, the county's fair share of 20 percent was \$11,978 as opposed to the federal funds of \$47,911, that's the 20/80 breakdown. Currently in our current bid of Lydgate to Kapa'a, Phase A, which includes the Kawaihau Spur, the current bid is 13 percent lower than what our consultants had anticipated. So overall, the project is 13% lower.

Ms. Yukimura: What percentage?

Mr. Lenny Rapozo: Thirteen percent lower than what the consultants had said it would have cost us.

On the next page in your book is an update of the ARRA funding and the soft match funding of the path. So the initial contribution, which was the donated Keālia land contribution, that entitlement, we started out with \$7,449,000. And as the projects had gone, we had used that as our 20 percent match or the county's 20 percent match. When we get to the line with the yellow, this is part of the Phase A of our project, which includes the Kawaihau Spur that there's an elevated boardwalk that would come down from Mahelona, as we know it, down to Kawaihau Road. We included in the bid or we accepted the bid or the contractor to do the base part of the path. Realizing the expense of doing the elevated boardwalk, that part was taken out of the contract or the bid. It was too expensive, plain and simple, too expensive; we felt it was too expensive. And so we are looking at alternatives. We understand that as we go through our work certain parts of the path, if it's too expensive, we try to look for alternatives. And Doug has been real good in looking at the Department of Defense involving what is called an Involved Readiness Program, where in partnership with them, they need projects to build. And they would come here and build a project and we would supply the material; that's one option. We're working to see if we can get that qualified. The second option would be community build. And of course the third option would be design build. But I just wanted to point out that had we moved forward with that part of the path, just the enormous expense of it, may not have been the right thing to do. So we are looking at alternatives to do and yet achieve what we want to achieve.

Finally, I provided you with the Task Force Meeting dates since we started in February of this year through June 16, 2011. These are the dates that we have met and provided before you in your book are the agendas and minutes of those meetings for your review.

And with that, that concludes my presentation and I'd like to entertain any questions that the members may have.

Council Chair Furfaro: Members, as soon as the lights are back on, if you could return to your seats. Members? Councilwoman Yukimura.

Ms. Yukimura: Okay, I'll start. Thank you, Chair. Thank you, Lenny. I really appreciate your presence here today and the work that's being done on all these phases of the path. There was a letter to the editor recently saying that we're a no island that says no, no, no. But I think the path is one thing that I'm hearing a lot of yes, yes, yes from people and this is a legacy project. I guess most impressive in your report is the page that shows the funds spent. And you're showing \$30 million is federal funds to date spent...or I don't know if it's to date. Maybe it's still in the process of being expended.

Mr. Lenny Rapozo: And obligated, yes.

Ms. Yukimura: Obligated and then half a million on the part of county moneys. So that's an incredible leverage of moneys. And as you pointed out, not all of it goes to construction, but a substantial amount does and that's translated into jobs and support for families on this island, so that's good. My question, on your summary on page 3, so Phase III – Lydgate Park to Kapa'a, there's final construction going on and construction funding obligation pending, then there's the supplemental environmental assessment in process. Is that the cultural piece?

Mr. Lenny Rapozo: Yes. The consultants have been moving with the EA, but the cultural piece was where we were stuck.

Ms. Yukimura: Right. I guess my confusion is I mean you pointed out that out of the challenges that came from Phase III, we've developed probably a 106 cultural consultation process for the other phases that are coming up. Is that what you said?

Mr. Lenny Rapozo: There's always a question, including Phase III. Did we consult with NHOs? And we did. And we had believed that we had closed the 106 process. It's the process now that the state is going through with their four-lane highway. But when do those consultations end? Does it end? That was always the question and that was always our...consulting with the NHOs. They believed it didn't end. We said, well, we closed the process, but we did continue to consult and that's what the question has been in trying to complete the other parts of the environmental assessment for the other parts of the path.

Ms. Yukimura: Yeah.

Mr. Lenny Rapozo: In dealing with the ACHP, which is the federal people that tell us which way to go or are we following...I can't remember the acronym and I asked this again yesterday so I would try to remember today, but the Historic Preservation, they're the ones that tell us if we're doing the right thing. They came down. They provided training with not only government officials but with Native Hawaiian Organizations and said, well, listen to their concerns, listen

to what we've done. Doug wrote up some procedures, submitted it to the State DOT for Kaua'i, the intent was for Kaua'i. This is how we wanted to deal with Native Hawaiian Organizations. They submitted it to the federal government, federal highways and what transpired is these are very good procedures that they adopted to use statewide. I'm sure they're going to tweak it, but for Kaua'i's process, they're very good procedures. So now that we have this, we can move forward with the other parts of the project.

Ms. Yukimura: Okay, what I see as different understandings is that this...what the impact of the cultural consultation will be. There is an expectation that that would affect the design and location, and we're going out to construction already, so what impact does the consultation have or what chances does it have to influence the county's decision? Now it may be that under federal 106 law, the consultation is required, but that's where it ends, you know. The degree of incorporation of the input into the design is left to the constructing entity or the sponsoring entity of the project. And so that there has to be an understanding that the process may or may not actually influence the design.

Mr. Lenny Rapozo: It does. If you remember at one point, the path was going to go on the makai said of Kūhiō Highway as a boardwalk.

Ms. Yukimura: Right.

Mr. Lenny Rapozo: Part of the consultation is that we met with Native Hawaiian Organizations and their concerns were heard and the mayor made the decision, in working with state highways, if we could use the right-of-way, which currently there's a wall, the ground has been worked on already, so there's a chance that there won't be historical properties. The consultation, remember, is to identify historical properties and when we identify the historical properties, what do we do with this property?

Ms. Yukimura: Okay.

Mr. Lenny Rapozo: And do we construct around it? Do we go over it? Or do we move it? And that's what the consultation is about. So in a way it does affect our design and it's not we hear you and we're going to do whatever we want. And I think that's the misconception. But it's identifying these cultural properties and doing what needs to be done, the right thing to be done.

Ms. Yukimura: Okay and I guess some parties feel that there needs to be more attention to their input, that the design that you've decided on is not sufficient, and that led to the issue, perhaps, of when does the consultation end. But you folks have tried to keep it open as long as possible to make sure that you get all the input.

Mr. Lenny Rapozo: You know, we were ready with the Wailua portion since 2009, and we continued to consult even though federal highways had said that we had closed our 106 process. But we continued to consult and we put our portion on hold to help state highways to finish their portion of the 106 process. We were done in the eyes of the federal government. We were issued FONSI, finding of no effects. So, you know, I don't believe that we just take it lightly. We do listen and we do try and work with our Native Hawaiian Organizations because that's part of us.

Ms. Yukimura: Okay. Your Phase V – Kuna Bay to Anahola, planning work postponed. What is the reason for that?

Mr. Lenny Rapozo: The Anahola Community, we need to work with them. They have some future plans that they're discussing right now on the makai side of Kūhiō Highway. And so that portion there, I guess, they're just not ready and we're not ready to work it out. And so at the right time, we'll move to address that area. Mainly it's access, education, the access to the beach and how does it access their development, along those things.

Ms. Yukimura: Right, well, I mean I think it's good to have as lengthy a discussion and interchange as necessary to get things real clear and to make sure that if there is a mutual benefit that can be worked out, then only then would it go forward. So, okay, I understand.

Mr. Lenny Rapozo: Yes.

Ms. Yukimura: And on page 8, you make reference to Aston Kaua'i Beach Hotel adopting a section of the path. Is that sort of like an adopt-a-highway program that is beginning to be formulated?

Mr. Lenny Rapozo: Well, no. The condo at Lydgate, Kahalani, they've adopted the area of the path fronting the condo.

Ms. Yukimura: For maintenance.

Mr. Lenny Rapozo: For maintenance. We ask where it's possible, fronting hotels, if they would consider adopting because they see it as a good thing. It becomes an amenity to the hotel or the condo and so it makes sense for them. So it's not a new thing, but we are asking.

Ms. Yukimura: I see. I think it's an excellent win-win if the parties can come to agreement because they already have their own maintenance crews and set up and if it can be extended just to that short step...

Mr. Lenny Rapozo: Pono Kai is no exception. Pono Kai has adopted in front of them, although we replenish the sand when it needs to be on the seawall. But they've adopted that area of the path as well, all along that corridor.

Ms. Yukimura: Yeah, that's a wonderful thing and it is an amenity to say that we're a resort on the path. You can just step outside your hotel room and get on the path. So, okay, that's wonderful. I have other questions, but I'd like to give other councilmembers a chance.

Council Chair Furfaro: Well, I would impose some of our guidelines because this is an update, so please organize your questions. I'm going to recognize every councilmember at least two times and for no more than 10 minutes because this is an update. Councilmember Kuali'i.

Mr. Kuali'i: Aloha, Lenny, mahalo for being here. One basic question I had had to do with so this all started in 2004, probably before that, but Lydgate was completed in 2004 and now according to your summary, the Kapa'a to Keālia completed in 2010. We're now in 2011. What was the original timeline for the completion of the entire path and what is the timeline now and are we in jeopardy of losing any of our grant funding because I know some of the grants have a beginning and an end and if you don't complete it by a certain time, then the funds go back. So I'm just curious about that.

Mr. Lenny Rapozo: For our department, the timeline is as soon as we can finish, we move to the next phase. As I had mentioned, this particular phase we had been ready since 2009 but needed to do other outreach with NHOs to ensure that we had reached out to them sufficiently. So as far as a timeline as to when the path, I want to finish it as soon as possible. We continually move, as I had mentioned, even though this section is going out to bid, we did the traffic resolution for Phase B and meanwhile we continue to work on getting the supplement EA for section C&D. Now that we have guidelines for our NHOs, another consultant is working on Ahukini to Lydgate, and the other consultant is doing the Niumalu to Ahukini. So, we continue to move as fast as we can because we believe it is a good thing. There is some talk on the west side. The west side wants a path. They're beginning discussions out there. There's also, as some of you know, on the north shore there's discussions out there. So, timeline, I cannot give you an exact timeline, but I can tell you we move as quickly as possible as government allows us to move to complete it.

Funding, a lot of the funding comes from different sources. A good portion of it right now is ARRA funding that supposedly creates jobs and we qualify the project. But there is an alternative in transportation funding that we tap when we can and that is there, and what is key to know is that this alternative to transportation funding is exactly that. It's funding that cannot be used for anything else. You cannot take those funds and go give them to do other things other than an alternative to transportation. The nice thing about it is that right now in the state of Hawai'i, Kaua'i is the only island that has a path that is being designed that qualifies. So all the moneys that get allocated to Hawai'i so far has come to Kaua'i. And so we discourage other counties to do a path, nah, I'm just kidding. But that's the reality of it. And if nobody accesses this money, another state will use it. And another state that is really big on path is Oregon and they continue to expand their path. So it's incumbent upon us to get this facility and to use the moneys available for the facility and it provides jobs and we get a nice amenity for the island.

Mr. Kualii: Okay, so my next question is Councilmember Yukimura talked about the Phase V – Kuna Bay to Anahola. And your answer is that you need to work with the community more and that they're not ready and that it's about access to the beach and education. I'm pretty familiar with the Anahola Community as I'm building my home there now on the homestead. And recently it was probably over a year ago now the community completed the Anahola Town Center Plan with the Department of Hawaiian Home Lands. It's this incredible complete plan with complete streets and walkways and green areas and new parks and even potentially a marine education center along the coast. Well, one of the big motivations for this plan was to figure out a way that the path could come into Anahola and I missed the original meeting, because I was in Honolulu at another meeting, where the community overwhelmingly said, no. But in looking deeper into it to figure out what the objections were, it was mainly about changing the character of the beach park. So they didn't want the path to come all the way to the beach park and for there to be a big new paved parking lot and for buses, you know, for it to be kind of like a transportation depot where this is where you start, so this is where you all come and park and whatever. So they didn't want that at the beach park because the beach park has a kind of bust up road and it's very rural and they wanted to kind of keep it like that.

Mr. Lenny Rapozo: I thought we fixed that.

Mr. Kualii: Well, it's still not paved, right? They don't want it paved.

Mr. Lenny Rapozo: Right.

Mr. Kualii: So for starters, do you have a copy of this Anahola Town Center Plan?

Mr. Lenny Rapozo: I don't have a copy.

Mr. Kualii: Okay, so I will get you a copy. As the chair of the intergovernmental relations committee, I'll do that because in this plan you will see, and they used consultants and stuff and green and sustainable and all that we did, and it was truly the community. I was a part of it as well and my family. We went through this charrette process and in a short period of time, it was less than six weeks I think, we developed this plan and it ended up the Hawaiian Homes Planning Department won awards for it and everything. In this plan, though, they have the community's support on how the path would come to Anahola. So I definitely want to provide that to you and while it doesn't come all the way to the beach, it does come directly adjacent to the brand new subdivision that's being developed now. (Inaudible) in this new subdivision there are a lot of young new families with kids and they're on bikes and they're walking and I think they can't wait till something comes, you know. And if you follow the plan that the community put together, I'm not worried that you will have good strong support from the community.

Mr. Lenny Rapozo: That's really good to know, Councilmember Kualii, because my discussions have been private. I haven't been to a forum. From what I understand people that were giving input to the master plan and I said the access to the beach or the shoreline, I'm sure we could work something out.

Mr. Kualii: Right.

Mr. Lenny Rapozo: Because the path opens up access. It doesn't close access.

Mr. Kualii: Right.

Mr. Lenny Rapozo: And I said, you know, also if you're going to do a community town center, just envision the path being a part or a funnel to this town center. People who going walk the path, they going get to the end, maybe they like go eat ice cream at the little store they may have up there or get a drink of water, nowadays one bottle water or something. So it is my hope when they see the benefits when we start connecting the dots, yeah, and I have some other hopes that in this construction on what we're trying to do that it will open up commerce for the Safeway area, the Foodland area, because people will have a nice scenic route and then go get their shopping and go back to their hotel room and stuff like that that maybe Anahola will embrace it. And I'm glad that in the master plan there is some positives about having the path. I think it's going to be a good thing.

Mr. Kualii: That primary point too is one of the objections had to do with the access for fishermen and some of the concern was about not just access to the path, where you park at the trailhead, I think it was called. So there's a huge park planned close to the coast and there could be the trailhead. And then you would just...fairly close by just cross the gulley and on the coast side there's no gulley. But to the group of Pi'ilani Mai Ke Kai, the new subdivision of homes, but that access would not only bring you to the path, but at some point because I guess there's a couple of fishing spots right there that there would also be some lateral

access for maybe fishermen, older fishermen, kupuna who want to drive as close to their fishing spots as possible. And I'm sure there's ways of working that out in places.

Mr. Lenny Rapozo: I think that's the challenge and I would look forward to trying to get them because I like my uncles go down. Kaua'i-style is just like what you said, they go by their spot, park right over there and jump in the water or...

Mr. Kualii'i: So I'll get you a copy of that plan right away and then I think I might also ask somebody from Hawaiian Homes to come and present that to the council meeting at my intergovernmental relations committee.

Mr. Lenny Rapozo: Thank you.

Mr. Kualii'i: The other quick question, so on Phase IV with the Ahukini Landing to Lydgate portion, so that would come all along the coast back where Marine Camp is too, right? No? Oh, it would come out along the golf course. So it would come closer to the highway.

Mr. Lenny Rapozo: By the golf course because right now I think from what I recall, it's along the road by the golf course.

Mr. Kualii'i: So from Ahukini, there may be a bridge over there and coming over (inaudible).

Mr. Lenny Rapozo: We're in discussion, but yes, we want to use an old railroad bridge as the connection and have a connection down to Hanamā'ulu Beach. But we haven't gotten that. And there are some landowners that we need to talk to. But we cannot move forward until the draft EA is even...

Mr. Kualii'i: So between the Līhu'e end of Wailua Golf Course and the hotel and Hanamā'ulu, is it all along the road there? Not along the coast?

Mr. Lenny Rapozo: Yeah, I believe it was along the road, yeah.

Mr. Kualii'i: Okay because I was hoping for (inaudible).

Mr. Lenny Rapozo: I'm sorry, Doug is telling me no.

DOUGLAS HAIGH, Chief of Buildings: Doug Haigh, Department of Public Works. Since this project has been on hold at this stage, Lenny hasn't been involved. It was before his time getting as far as as we have gotten. So the Ahukini to Lydgate, we would start at Ahukini Landing and come down. There's actually an old railroad grade that goes from Ahukini Landing to the Historic Bridge. That's that beautiful concrete arched bridge. Our intent is to utilize that bridge, come across, and then there's a railroad grade that comes up along the coastal side in the Moody property, current owner is Moody. And then we would skirt along the conservation district because we're working with DLNR and Fish and Wildlife because that's a sensitive area for the birds. So we would skirt between the plantation land and the conservation land there. I think it's probably agricultural now, agricultural and conservation. So we're close to the coastline. And then we're coming back down to Hilton Lane, I guess it's called, the road that goes from...it's not a Hilton anymore, is it?

Mr. Kualii'i: Kaua'i Beach.

Mr. Haigh: They change the name all the time. Pahio Resorts owns that property. So we come down...

Mr. Kualii: So before the resort, though, there's a park there, right? Nukoli'i Park?

Mr. Haigh: Yeah, yeah, and so we're coming down mauka of that comfort station at that little park, which is actually really just a comfort station. So where it kind of...it turns and goes toward the comfort station, a little bit makai of that turn is where we'll land onto that road, and we've worked with Pahio Resorts and they're ready to donate the easement along that road. And then that will bring us on the mauka side of the motocross track and then we'll kind of follow the old cane haul road and then we get on the mauka side of the golf course and scoot between the golf course and the highway, and then connect back to the path at Lydgate Park, along Leho Drive.

Mr. Kualii: Yeah, okay, yeah, my only hope was I know I go to Marine Camp over there to the beach and there are a lot of people who utilize that beach and probably the motocross also that if the path would come along there that maybe we could at least get even the portable toilets out of it.

Mr. Haigh: Actually in the final EA...because we are working on the final EA, which we need to close the 106 to close the final EA. It's been a while since I've worked on the details myself. There's a spur that goes to Marine Camp because we acknowledge that Marine Camp is a resource and a destination mode, so that people from Lydgate Park can walk along the beach for that section, then reconnect at Marine Camp and get back on the path. And that way, we could look at Marine Camp being a trailhead where we can use the federal moneys to develop a comfort station for Marine Camp. So that is one of the spurs along that section.

Mr. Kualii: Okay, thank you, both, so much. That's it for now, Chair.

Council Chair Furfaro: Thank you. Doug, why don't you just stay there with Lenny in case there are other clarifications that are needed. Mr. Rapozo?

Mr. Rapozo: A couple questions, thanks. The first question and I think it's just a typo, but the page after 31, the spreadsheet, your total of the ADA County CIP fund that should be \$48,236 as well? That should just be carried down, right?

Mr. Haigh: You're correct. That looks like a typo.

Mr. Lenny Rapozo: Yeah, typo.

Mr. Rapozo: Okay, and then the very next page, can you explain that a little better? I'm having a hard time understand. Your \$59,724,361, that's the estimated project cost for all the phases, right?

Mr. Lenny Rapozo: Correct.

Mr. Rapozo: And the county's share, obviously, \$12.7 million in-kind contributions, and then that leaves a negative balance. Where does that come from?

Mr. Lenny Rapozo: Well, that's what we were mentioning, where the yellow...these are projected costs from the yellow down.

Mr. Rapozo: Okay.

Mr. Lenny Rapozo: At the yellow portion where the elevated boardwalk, this was the estimated cost for the elevated boardwalk. We acknowledge that that is too much of a cost for that. So we are not doing that in this contract. So we're finding alternatives to try and build the elevated boardwalk. So the numbers will change. The numbers will change. We were not going into the negative. As we pick up further lands...

Mr. Rapozo: The easements and stuff.

Mr. Lenny Rapozo: ...easements, like today before you, like I mentioned, you have a legal document for Lae Nani. Initially we were going to have a right-of-entry to do work on Lae Nani for the path because of the situation with the different condo owners in the project. Well, they came to us and said, we're ready now to give you this easement. So before you is this legal document, if you pass it it gives us the authority now to do an assessment of the gift that's being given to us and that would be added to our share of the in-kind contribution or the remaining balance and it would be four times whatever the assessment will be. So as we pick up more lands, there's easements along from the Coconut Plantation...is that still Beach Boy? to Makaiwa or it's not Makaiwa...Marriott Courtside. Those easements or those donations haven't been included yet and that's going to be a substantial chunk once we get it and we work through the process that the numbers are going to go up. So those negatives is current if the projection costs remain, all remain the same. But they're not going to remain the same because we're going to pick up more easements and more in-kind donations.

Mr. Rapozo: Okay and the ARRA funding is separate from your TE funding?

Mr. Lenny Rapozo: Yes.

Mr. Rapozo: Is that a separate source of funding?

Mr. Lenny Rapozo: Yes.

Mr. Rapozo: And we use that Keālia land contribution for the federal funding, the TE funding or the...

Mr. Lenny Rapozo: The...go ahead, Doug, you want to do it?

Mr. Haigh: Okay, this table here, I work closely with the Department of Transportation financial guy and he kind of sets up this table. He and I work together. He keeps track of this every time we get more money, making sure that we have the soft match. And it gets a little confusing, but we did get \$4.12 million in ARRA funds. What happened with the ARRA funds, I believe 3.5% of the total ARRA funds coming to the state had to be for transportation enhancement projects and we had the only transportation enhancement project in the state that could utilize the funds at that time. So we received the full. Now the ARRA funds are 100 percent grant, no match required. So he plugs that in in the note there and it's kind of where you look at the county's share of in-kind contribution. The numbers don't follow exactly down because he kind of moved that

in there and didn't require the 20 percent match for the ARRA funds. Also in there, he picked up the \$463,000 in-kind that we picked up on the Uhelekawawa Canal. That's the Foodland/Safeway canal, which this council in your action through your ordinance required the developer to build that bridge and donate it to us to be used as part of the path. And because of that, not only did we get the bridge for free, but you get to multiply that \$400,000 by four and we get that additional federal funds to help build the path. So thank you so much, council, for that action.

Mr. Rapozo: Okay, so this is not the breakdown of the ARRA funding. This is of the complete funding and they've added in the ARRA in that one line.

Mr. Haigh: Complete. That's correct.

Mr. Rapozo: Okay, okay, that makes it clear. Okay, thank you.

Mr. Haigh: And I apologize because that note up there was his note left when he did this for that one specific project and I forgot to take it off. That note that says reason for update...

Mr. Rapozo: Yeah, that's what confused me.

Mr. Haigh: Yeah, I apologize for that.

Mr. Rapozo: No, no problem and then the other question is on the Lydgate to Kapa'a Phase, the 106 has already been closed, you said, by the county, the county 106 process. But the state, they have to do a 106 as well?

Mr. Lenny Rapozo: Well, they're in the process. That's what they're doing for their four-lane project.

Mr. Rapozo: Oh, so it's different from...

Mr. Lenny Rapozo: Ours is a separate project.

Mr. Rapozo: Ours was pertaining just to the path?

Mr. Lenny Rapozo: Yeah.

Mr. Rapozo: And that's done?

Mr. Lenny Rapozo: Yes.

Mr. Rapozo: Okay, then why did they put the 106 process on hold for Ahukini to Lydgate and Nāwiliwili to Ahukini?

Mr. Lenny Rapozo: They didn't put it on hold but because of the process itself. What was the process? There were some question as to are we...we felt we were doing the process correctly. NHOs felt we weren't doing it. So we were at a standstill.

Mr. Rapozo: Okay, right.

Mr. Lenny Rapozo: But if we had been the bullies of the block and said, no, feds said this, we're going to just move, boom, done deal. We were correct by the law that we had done our due diligence, but the process needed to be formalized and to say, okay, this is how it was supposed to have been done. So that put our other EAs...we put it on hold. We wanted to formalize the process and not have everything get jumbled up.

Mr. Rapozo: I'm reading the minutes of your task force meeting and the minutes reflect the federal highways administration has put the 106 processes on hold. That tells me that the feds have put the process on hold. I guess I'm just asking why would they stop it? Is there a reason for them to stop it? Are they not satisfied with what we've done? Is that what it is?

Mr. Lenny Rapozo: Not so much what we've done, but just the process itself because we work with them to get our federal moneys through the state. So they put it on hold because the process itself was in question.

Mr. Rapozo: So what's the status? Is that still on hold?

Mr. Lenny Rapozo: No. We have the process in place now through Doug's efforts and his procedures that he came up with.

Mr. Rapozo: Okay, so the federal highways is not on hold right now?

Mr. Lenny Rapozo: No, yeah, correct. It's not on hold.

Mr. Rapozo: And then on the minutes as well, of your meetings, I noticed...

Mr. Lenny Rapozo: Which one are you referring to?

Mr. Rapozo: Your pedestrian meeting. I'm looking at the most recent.

Mr. Lenny Rapozo: Yeah, which date?

Mr. Rapozo: The most recent, June.

Mr. Lenny Rapozo: Okay, all right.

Mr. Rapozo: But it shows up in several of your minutes is the Līhu'e Civic Center Site Improvements and Hardy Street. Is that included in the bike path?

Mr. Lenny Rapozo: What happened was we're a victim of our own success is that we deal with the path and we have decision makers at the table and we work through questions and what needs to be done. The mayor asked us to take a look at those two projects and make comments and to see what needs to be done and make those projects happen as well. So our committee has taken those two projects on, not so much as parks is now doing our Hardy Street stuff, but Doug brings it to you, us, and we help Doug to move the project.

Mr. Rapozo: Okay, but it's not part of the...

Mr. Lenny Rapozo: The path.

Mr. Rapozo: It's not?

Mr. Lenny Rapozo: No, no, not at all. We're just helping as the decision makers are there at the table to help make that project move.

Mr. Rapozo: And it makes sense because that's where the expertise lies, so I don't have a problem with that. And then my last question is and I've heard about the congress and I've seen it, I've read it. I think I read it in one of the recent newspapers that congress is considering cutting the TE funds, the highway funds.

Mr. Lenny Rapozo: I haven't heard anything. Doug, have you heard anything?

Mr. Rapozo: Well, I mean it hasn't...I don't believe it's passed yet. But I know it's being discussed and my question is, if in fact congress does cut that because of the deficit, where would we stand as far as funding?

Mr. Haigh: Well, I encourage you to write letters to your representatives to support the funds. This is not the first time that the fund has been attacked. It's actually fairly common for the people of those beliefs to attack this kind of funding. But there has been such strong support from the state level and other representatives, it's managed through all these budgets. Really, we'd have to deal with that at that time, if they did get cut.

Mr. Rapozo: Okay, so your feeling is that it...I wasn't aware that it was an issue in the past.

Mr. Haigh: It has been. Regularly, people with those beliefs attack this type of funding and...

Mr. Rapozo: Okay, do you feel pretty good that it will remain intact?

Mr. Haigh: I cannot at all estimate what our federal government will do.

Mr. Rapozo: Okay, thank you. That's all I have, Mr. Chair, thank you.

Council Chair Furfaro: Thank you. So just for the purpose before I go on to someone else, I just want to make sure, and I don't have a book in front of me, but from the notes I have here, we're at a point, regardless of what happens to the ISTEA funds and other moneys going forward, we have a project cost of about \$36 million to date. Let's call it a "project ledger," okay, because it's not a real accounting format. In that we had \$7,449,000 of comparable land contributions that we've been drawing on for our 20 percent share, okay. We have actually spent between bikeway funds, county funds, county bond funds, CIP funds and other transportation funds, we spent, in round numbers, county cash of about \$569,000. We have, between HUD moneys and federal highway moneys, we have a pool of about \$29,800,000 in rough numbers, Doug, and we have encumbered \$25 million of that and we've actually spent \$20 million of that number. But, I guess, where I'm at here is if you put those together, we're around \$36 million, regardless of what happens with the next round of federal funding and so forth. We have up to Lydgate and including Uhelekawawa Bridge area near the shopping center, we

have committed about \$6 million. So we have got a fund left before we get to some point of credits without any more land grants, we've got about \$1.2 million, which I think shows up on your summary in round numbers. That's what we have left to use for the 20 percent match. At what point do we go in for new federal money where we need to recalculate what we have left in grant money? You must have some trigger point here to keep moving with the path. We have to apply for more funds. To apply for more funds, we need to build up our grants. Am I summarizing this right?

Mr. Haigh: Yes.

Council Chair Furfaro: Okay, when does that drop-dead date happen for you folks?

Mr. Haigh: If you look at our soft in-kind match table, we plugged Phase B construction in there at \$6.7 million. We're right now finalizing that obligation.

Ms. Yukimura: Which one are you looking at?

Mr. Haigh: I'm looking at the one that comes after the big spreadsheet.

Council Chair Furfaro: Yeah, I just got this back from our files. It's this one right here, JoAnn.

Ms. Yukimura: Yes, okay, got it, the one that Councilmember Rapozo asked about.

Mr. Haigh: That's the one we mentioned in the report we're just now trying to obligate the funds. So if we obligate those funds, and it's this month we're planning on...it's all scheduled to happen, we lock in those funds regardless of what future budget constraints are. And then on planning and design, Phase C, that one we want to finish up our planning and finish up our design. So at that point when we finish all of those, with the current soft match we've gotten and the 100 percent ARRA fund, we have left over about \$470,000 in soft match.

Council Chair Furfaro: Okay.

Mr. Haigh: Okay. One of the reasons we're pushing for our final EA so hard for Ahukini to Lydgate and Nāwiliwili to Ahukini is because we cannot secure the right-of-ways and get the credit for the in-kind until we finalize the environmental assessment. And that's been the challenge with the 106 holding up those two projects is we're getting squeezed now. Because we know for both those projects we have land that will be able to qualify for a soft match. Ahukini to Lydgate, thanks to the actions by this council, we've acquired that land in-between the airport and the ocean and our path goes through there. And that's going to be very similar to the Kapa'a - Keālia situation where we'll be able to secure those lands as soft match. Pahio Resorts has talked to us about donating easements. Even the Moody property, owners now are talking to us about donating. So we're...the key is...and you say the point is...we can go ahead and get these projects on the STIP without having secured the soft match, but it's when we obligate, we have to have that soft match.

Council Chair Furfaro: Yeah and Doug, the question was posed because you've got two ledgers going on here. You've got the total cost of the project, which at this time were estimated somewhere around \$59,725 and then you've got our exposure in a subsidiary ledger to date.

Mr. Haigh:

Right.

Council Chair Furfaro: And that exposure to-date total cost is about \$36 million. To do everything, we are around \$59.7. But we have to secure those right-of-ways and those soft grants. But if you took a snapshot right now of all of the benefits we have from this path, we have about a \$36 million cost, of which it's cost the county about \$569,000, roughly about \$6,100,000, using our soft grant and only leaves us \$1.2 million in the soft grant area right now going forward.

Mr. Haigh: Yeah, my correction to that is it's really about \$470,000 in soft matches left if you add in the planning and design of Phase C.

Council Chair Furfaro: Understood, so I just want to make sure we've got two...we have a final project cost estimated at \$59.7 million. We've got an ongoing project ledger that said we only have this small credit left and we've got to find other right-of-ways and other matching lands for the purpose of applying for new grants. And whatever the outcome is it's funny with the ISTEAs or the tea party and their action, the reality is we need to make sure that if the path stopped because of no more funding from the federal government, we have every piece up to this date covered. That is a correct statement?

Mr. Haigh and Mr. Lenny Rapozo: That is correct.

Council Chair Furfaro: Thank you. I just wanted to follow up on Mr. Rapozo's questions to make sure that I was able to separate the two: final project costs versus exposure to date. Councilwoman Nakamura.

Ms. Nakamura: Thank you, Lenny and Doug, for your presentation. As a user of the path, I think we need to also recognize the county park workers who maintain it and really keep it clean, well-managed. The Kaua'i Path volunteers and monk seal coordinators who are right there to tape off the area and to the rangers in a way to explain what's going on to visitors. I'm also happy to hear about the National Historic Preservation Act 106 protocol that you've set up and would be interested in getting a copy of that because this is a complicated process. So thank you for setting up a statewide protocol. And I'm also happy to hear that there are land donation opportunities that will reduce the county's portion over time. So the question that I have and this is a personal concern because of the large population in Kawaihau and the lack of access to the bike path, and so I wanted to find out whether there's an update on the zoning that you applied for that Kawaihau spur?

Mr. Haigh:

Approved.

Ms. Nakamura: Good, thank you. And I'm happy to hear that you're looking at alternative ways to get that portion of the path built and would like to be kept up-to-date on those efforts. There is just a huge population on Kawaihau and access to the path is very dangerous and very steep for older people and for kids. And once you get down to Kūhiō Highway, I don't believe there's a clear crosswalk or way to get across that road, which is why I hate to say I drive down to use the bike path. And as a parent, I'm concerned when my kids go down

there because it's a dangerous intersection. There are a lot of cars going in a lot of different directions. So I don't know whether that intersection issue has been addressed in the bike path spur design.

Mr. Haigh: Yes, it has been addressed and part of the design and within our current budget, we will be building a crosswalk at that intersection and the crosswalk is on the north side of the intersection. And we are still reviewing a potential flashing light type warning system for that crosswalk and we're working very closely with the local district, Kaua'i District of Kaua'i Department of Transportation on that issue.

Ms. Nakamura: Okay, thank you very much.

Council Chair Furfaro: Okay, Mr. Chang, we're going around first time, did you have something? I'll be glad to recognize you now.

Mr. Chang: I'll wait till we come back to order.

Council Chair Furfaro: Back to order, okay. Council Vice Chair Yukimura, did you want a second opportunity to talk on this communication?

Ms. Yukimura: Yes, please.

Council Chair Furfaro: You have the floor.

Ms. Yukimura: Thank you. I'm looking at your Papaloa Road typical elevation sketch. It doesn't have a page number, but it comes right after page 27. I found it interesting that the bicycle lane or pathway is between the pedestrian and the street sign?

Mr. Haigh: It's a shared use path, bikes and pedestrians are shared. We don't have specific sides to use.

Ms. Yukimura: I see, okay.

Mr. Haigh: They just happened to illustrate it this way.

Ms. Yukimura: Okay.

Mr. Haigh: And then actually at Papaloa, we were forced to bring the path right up to the curb at Kapa'a Sands, we were forced to bring it there. Actually when we get farther down Papaloa, we'll be meandering the path back in a little bit. So we'll actually have vegetation between the path and the road for a lot of the Papaloa section.

Ms. Yukimura: Okay, thank you. And then on the issue of the Kapa'a Sands land acquisition, you're showing that the final estimates for property adjustments are \$159,000, rather than the \$334,000 that was the initial figure. So is it then the total with land will be \$250,000? Is that...

Mr. Haigh: And then you'll have the reasonable costs for administrative fees portion that we'll have to pay.

Ms. Yukimura: That still has to be added on.

Mr. Haigh: Correct.

Ms. Yukimura: Okay. It really helps to see the diagram showing the changes that need to be made in that resort, which aren't really small changes. They're fairly substantial in terms of moving the gas tank and the signs and altering the whole entryway to that property. I think that's all I wanted clarified.

Council Chair Furfaro: Councilmember Kuali'i, we'll go to you for a second time on this communication.

Mr. Kuali'i: For the task force meetings, when are the next two or three meetings? Or have they been set up? I noticed in that slide, it gave us the dates of the last seven or so from February to June. They are on different nights or days, Tuesday, Friday, Thursday. When are the next two or three meetings? Are they set up already?

Mr. Lenny Rapozo: The next one is tomorrow.

Mr. Kuali'i: Tomorrow? And then the next two after that?

Mr. Lenny Rapozo: We set it at the meeting.

Mr. Kuali'i: So it's not like a standing meeting where you meet on the third Tuesday.

Mr. Lenny Rapozo: The planning director also is responsible for planning commission meetings, the water board, so we work around everyone's schedule to get everybody there.

Mr. Kuali'i: Okay, so I'll work with you because maybe I can get the town center presented to that group.

Mr. Lenny Rapozo: Okay, thank you.

Mr. Kuali'i: In one of the next coming meetings.

Mr. Lenny Rapozo: Thank you.

Mr. Kuali'i: And then Councilmember Nakamura asked for a copy of the state protocol, I do want that, too. Actually before I get into those questions, though, the only other thing on Phase V and for Anahola, did that part go on hold prior to any EA and 106? Or the EA and 106 for Phase V, has that been done or no?

Mr. Haigh: No. We had that first public meeting, and then we kind of went back and reevaluated and then actually, our consultant was involved in the master planning. We did get a little bit involved in the master planning done by the Department of Hawaiian Home Lands. In fact, I believe you and I were at the same meeting at Kapa'a School once. So we were involved in the early part of it because they did several renditions. But then really as a matter of resources, we decided it's better to hold. We can't really put full resources into Anahola. We want to...let's finish the ones that are already pretty well along going and then when we get back to Anahola, it's going to take our full resources to address that. And I really appreciate you updating us on where that master plan is. And I'm always optimistic that we can work it out with the community and come up with a solution. And integrating with that town core, it sounds like it's a really good win-win.

Mr. Kualii: I just primarily want to see...because it's a whole neighborhood there with many families and I think we could do it in phases too because first and foremost the path being in place, and then developing the trailhead, then the restroom facilities and the park that is there maybe later. But I know that with the plan already being done, fully completed, won awards and everything, with the Anahola Hawaiian Homes Association, with the new Pi'ilani Mai Ke Kai Homeowners Association—I'm a board member of the Anahola Hawaiian Homes Association and I'm helping organize the Pi'ilani Mai Ke Kai Homeowners Association where I'm building my house—I can help with that and I know that Hawaiian Homes was telling the community that it's on hold because of the county. And so I think the community is ready and if there's something that the community can do to help with resources and to help with moving, I don't know what kind of funding it takes to move the EA and the 106, but if that is something ultimately we'll have to wait on in order to get the soft match, and now this whole section we're talking about one landowner, which is the Department of Hawaiian Home Lands, which now with their new lending more, they're empowering the local communities. So the Anahola Hawaiian Homes Association and the Pi'ilani Mai Ke Kai Homeowners Association and the Hawaiian Land Farmers Association, I mean we all have more of a say. So if we come together as a community and we dictate to Hawaiian Homes that we should grant this access because it's a community benefit, it'll happen and it can happen pretty quickly. So my motivation is to help move this along even though your reasoning is you can't move forward because of resources. Maybe there's a way to do it still with the community support.

Mr. Haigh: Well, I'm hoping probably early in 2012 kind of would be the ballpark when.

Mr. Kualii: Okay, that sounds good. And then the last one is on the consultation process, I do want a copy and I'm curious as to...so it's all about activity that could affect historic properties, and when I looked at the national historic register, what shows up for Wailua is the Wailua Complex of Heiaus, and while they don't necessarily define it because the entire area is very significant as far as ancient Hawaiian culture goes. The mouth of the river, they do define it as "east coast of Kaua'i at the mouth of Wailua River." We know the heiaus are in all areas around the river. So what more than the Wailua Complex of Heiaus does the county recognize as historic properties in the area that the path is impacting?

Mr. Lenny Rapozo: The current project?

Mr. Kualii: Yeah.

Mr. Lenny Rapozo: The current project where as part of our discussion with the NHOs we're doing the EIS on the makai side of the four-lane highway where the path will run and that...it's part of an exploratory to see if there are any historical properties there.

Mr. Kualii: So, yeah, I heard it's about burials.

Mr. Lenny Rapozo: Yes.

Mr. Kualii: Right and when you talk about the...you're talking about the shoulder of the existing highway basically. So the path will stay as close to the highway as possible.

Mr. Lenny Rapozo: Correct.

Mr. Kualii: And not further on the sand dunes, which was pretty much having the community up in arms. As far as the process, besides the federal highway, is FHWA, federal highway authority or whatever, is there any other federal agencies that you're working with? And also state agencies like...

Mr. Haigh: As Lenny mentioned, the Advisory Council for Historic Properties has become actively involved in this NHO consultation and this is on the four-lane project. The four-lane project has been the motivating force to kind of get all of these procedures together and come to a consensus on what the process is supposed to be because we were in a difficult period where the Hawai'i Kaua'i Department of Transportation, Native Hawaiian Organizations, federal highway couldn't all come to agreement on what the approved process was. They actually brought in a representative from Washington with the Advisory Council for Historic Properties and they are the agency overseeing federal highways. Lenny's been involved in some of these meetings on the four-lane project, and the meetings with the NHOs, Kaua'i Department of Transportation, federal highway administration. And the Advisory Council for Historic Properties actually came to one meeting and then they've been participating, I think, by phone, teleconferencing on other meetings. They've also brought in their expert within federal highway on these issues, specifically for Kaua'i, to help us get through this process. And then they helped sponsor the training for us and the procedures weren't a Doug Haigh effort. It was a collaborative effort, consultants helping, our attorneys helping, all of us helping together to get these procedures so that we could move forward.

Mr. Kualii: So I just know that with our work with the Department of Hawaiian Home Lands, as beneficiaries of the trust, some of the federal obligation comes through the Department of Interior. So I'm curious if they have any involvement. But with the Advisory Council of Historic Properties, I know that that's what's spelled out in the National Historic Preservation Act, Section 106, since 1966. So it's great that they came down because that's what they're required to do. So when you were talking earlier about training with the government and the Native Hawaiian Organizations, this was the people you were talking about that came from the Advisory Council. Very good to know. Yeah, the only last thing is that from how it's spelled out in the act, it says that...and there was a revised regulation effective January 11, 2011, which is about the protection of historic properties, and I haven't been able to look into that further, but there's certain criteria. But the main component about all of this with the Section 106 is public involvement. And it says, "public involvement is a key ingredient in successful Section 106 consultation and the views of the public should be solicited and considered throughout the process." So beginning, middle, end, anything happening in Wailua, I think, make sure you continue to do that consultation and I appreciate your work with that. Thank you.

Council Chair Furfaro: Thank you and I also want to say at your discretion, if you choose to get an agenda item in the committee of the whole regarding the Anahola Town Center, only as a communication, because we don't have that kind of jurisdiction, I would be more than glad to put it on the agenda. Mr. Rapozo?

Mr. Rapozo: Thank you, just one other question that popped up. The Kawaihau spur that was just approved out of the planning commission, the plan that was approved, is that the same? I know you mentioned you guys have pretty much down-sized it because of costs or changed it.

Mr. Haigh: Well, in the planning process, they don't approve the final design and so what we presented to them was a concrete steel structure or possibly a heavy timber structure, particularly if we went to a community build, we would probably shift to a heavy timber type structure. So that's in the planning stage, it's more a conceptual design than a final design, and we did present it as two options.

Mr. Rapozo: Okay, so your planning approval is sufficient to proceed?

Mr. Haigh: That is correct.

Mr. Rapozo: Okay, thank you. That's all I have.

Council Chair Furfaro: Okay, members, before we excuse these gentlemen, are there any more questions? If not, gentlemen, thank you very much for the update. I'm going to allow public testimony before I call the meeting back to order. Thank you very much.

GLENN MICKENS: Thank you, again, Jay, for the record, Glenn Mickens. I appreciate the PowerPoint and this brochure that Leonard has given everybody. I would have appreciated getting it sooner. I had my testimony prior to this time and there's things in here that...I put a couple of notes here, but let me read it for the viewing public.

The rhetoric and propaganda being put out to the public by those pushing this path are stifling. I have said before and I will say again, I'm not opposed to bike paths, but I want to see projects prioritized and right now this path is not a priority. I have pages and pages of testimony regarding this path from its inception with comments and testimonies from many other citizens and councilmembers agreeing with what I have said. Many very important questions are continually asked about this path and again, Lenny's probably gone through some of them: cost for the finished segments of it including maintenance and security, which I didn't hear about; projected costs for the remaining part of it, including land acquisition, maintenance, security, and all associated costs. But all I hear is that these figures have been given many times. But if this is so, why didn't I get a copy? Some of them are obviously in this brochure. The cost now being given by Leonard, I must ask if they have been verified by our auditor's office. This is the first time I've seen numbers and I'd like to see them verified.

Along with my testimony I've submitted, there's an article written by the learned retired lawyer, Walter Lewis on March 24, 2007. He asked a lot of questions in this column that I'm sure some of them have been answered. But he basically says, in better words, Walter writes a column in the *Garden Island, A Better Kaua'i*, biweekly, and his words of wisdom should be appreciated by every citizen who reads our paper. I hope you guys appreciate it as much as I do. In this editorial, he cites a list of questions he asked the administration about the path that were never answered, questions that Mel and Shaylene have asked with no answers forthcoming. Leonard has now given some input to these questions, but many others remain. What happened to the equestrian and motorcycle people who opposed this path? I never heard any further about that, nor the motorcycle part I think the path was supposed to go to before it got to Lydgate. Mel asked questions about that. Tim has repetitiously stated that all these questions have been addressed every time they're asked. If this is true, then would he or the administration be kind enough to give us these answers, now vaguely given by this needed review. Let me just quote one paragraph from Mr. Lewis' letter that

remains as relevant today as it was the day he asked it, "Don't our county officials understand that they have a duty to keep the public informed about the actions of our government..."

Mr. Nakamura: Three minutes, Mr. Chair.

Council Chair Furfaro: Mel, I'm sorry, Mr. Mickens.

Mr. Rapozo: I'm Mel.

Council Chair Furfaro: Yeah, I know, but he mentioned your name a few times. Mr. Mickens, that's three minutes. I'll give you the other three minutes.

Mr. Mickens: "...taxpayers fund." Thank you, Jay. Kaua'i citizens should demand that our government make disclosure of the financial and operational facts about the bike path project and conduct a public hearing on the viability of the project. And now we're preparing to spend another \$3 million on the Kawaihau spur, insanity. I have recently found out from the State Department of Transportation, I think a Mr. Micah is the chair of that, and he has put something out that I just got from the Department of Transportation that congress has a bill before them to eliminate all funding for bike paths and other transportation enhancement projects. Whether that will pass or not, I have no idea. But in these dire times, I think it's a great possibility. With all the turmoil over balancing our budget it stands to reason that only projects with top priority remain on a to-do list. No bike path will ever make that list. Again, who with any common sense would advocate pushing a bike path in these dire times? No study was ever done showing who wants or needs it. So where is the directive coming from? Certainly not the people who have so many other top priorities on their plates.

Oh yeah, I've heard over and over about the free money that is building it, another super farce. Whether it's federal, state or local, it is our money. So once and for all, let us put that myth to bed.

In a prior testimony I showed you figures from our DOH showing the estimated cost of the path from Nāwiliwili to the south end of Lydgate Park. It was over \$60 million. This came from the DOH. At another DOH meeting, this figure was slashed to about \$3 million, either some of it put on hold or canceled. With the latest congressional bill, I would imagine that it's not ever going to happen.

I only ask that you members who live in the real world request that we stop more money from being wasted on this path. We desperately need more roads and alternate means of traversing this beautiful island, not bike paths. The total estimate for the path of about \$60 million doesn't agree with the DOH figures. I see that the total figures were \$59 million. And just his figures from DOH were \$60 million from Nāwiliwili just up to the south end of Lydgate Park. So they don't jive there.

As Councilman Kuali'i asked, is there a sunset date by the feds for funding this path? I didn't hear the answer to that either.

Anyway, that's my testimony. Again, I may not be in the majority, but I think if a poll is taken or we find out exactly why we are pushing this path at this stage of the game when we have so many projects that need doing. That's my biggest questions. It's not going to ever be for transportation, mark that. They're on the ocean. Okay, it's a beautiful path. I jogged and walked on a path that was prior to there. I didn't need a multi-million dollar bike path or they call it a bike

path. It's not a bike path because bikers won't use the thing. But all the other things that were asked about. Kaipo asking about the blockage of the road along the golf course there for building that thing.

Mr. Nakamura: Six minutes, Mr. Chair.

Mr. Mickens: Anyway, thank you, Jay, for extending my...

Council Chair Furfaro: Does anybody have any questions of Mr. Mickens? No. Glenn, you have my copy of the book and the reconciliation, and I do want to thank the administration. We're going to get quarterly updates and so I'm sure in the future they will change, but you have the reconciliation to what they've got planned going forward.

Mr. Mickens: May I keep this copy then?

Council Chair Furfaro: Yes, you may keep that copy. I'll use the file copy for the council.

Mr. Mickens: Okay, thank you very much.

Council Chair Furfaro: Thank you. Mr. Rosa, did you want to speak?

JOE ROSA: Good morning members of the council. For the record, Joe Rosa. I'm here this morning, again, to speak on this bike path. I've seen a lot of things, glancing over to the (inaudible) letters published that you all have and there are some things like I've seen it. For one, I don't see nobody from the general public in that so-called committee that they have listed. There's nobody from the general public. I think on things like this here, which is of issue within certain areas, there should be members of the public in the committee, not only something that is stacked. So that's one of the discrepancies I see.

The other one, there is no set total cost on everything. You know, this project from when it started in 2004, I was here from the first time and I spoke against it because DOT had put bikeways. And of course, JoAnn was a young girl out of Stanford university in 1976, was a proponent for bike paths and I haven't seen her dream come true yet.

Ms. Yukimura: It's a long haul.

Mr. Rosa: That's what I mean, JoAnn. That's why I say it has turned out to be a white elephant where the state spent some money.

Ms. Yukimura: That I don't agree.

Mr. Rosa: So I don't see...even JoAnn has given up her bicycle. I don't see her riding no more. Okay, now I'll try and get back on it.

Also, I don't see the listing of maintenance costs for the county so far this year on that report. The bike path was built by the state in 1979, that wasn't even maintained in the area in Kapa'a, from Keaka Street to the back of the old Louis Gonsalves residence back of Otsuka's. If you get a front loader and you go from the Waikaea Canal towards Keaka Street, you can find a 4-foot bike path that I put it in in 1979. That's the one I even mentioned to Dickie Chang that it went

from Waikaea Bridge to Moikeha Canal and it was a straight line from the bridge to the old county pavilion to the Moikeha Canal. It didn't have that kink that they put in according to so-called Doug Haigh's master plan that went out to makai.

Mr. Nakamura: Three minutes, Mr. Chair.

Mr. Rosa: There's nobody else, Peter, going to speak besides me, so I think I can go for an extra three. I know you have policies, Jay, I understand that.

Council Chair Furfaro: I was just going to say I've extended you extra time of three minutes. I wasn't going to refer to a policy. Peter is required only to signal the three minutes, so. Go right ahead with your next three minutes.

Mr. Rosa: The Ahukini to Lydgate, now I hear they're talking about using the old Hanamā'ulu Bridge. When DOT put in the new bridge, that Hanamā'ulu Association wanted that bridge to stay as a historical site. So are they going to utilize the bridge and destroy the charm of it, like it is, like it was kept by the Hanamā'ulu Association at that time?

And also in that area, along both sides of the valley, according to the old kupunas, the Richards family, the Rego family, the Puali family, the Smith family, there are all kupunas buried along the hillside there. That's why the state was really touchy as far as getting the bridge site available and they had to provide a walkway to mark, more or less, a cemetery on the mauka side of the Wailua side of the bridge. So those are things that they have to look into the doing of things there, not just go ahead and say it and then you're going to find out all the expenses come up. The DOT respected the old kupunas in that area there.

Also, in that area the old railroad used to run right straight through Moody's property and I know when that was suggested about the bike path, I know there was some discussion about it. Mr. Moody won't want that property of his split in half because he had golf course inspirations of putting it there along with residential homes there.

Also, the use on Papaloa road. How are the people that have cars going into the parking lot in the various condos or apartments over there? Are they going to close that road completely? Or are they going in by helicopter or fly over or how? That's a question that I haven't heard answered yet. I know they've talked about closing it, so that's my concern about it.

The Menehune Road spur, now Nadine was concerned about that hillside. When DOT was thinking about putting a road there too also, that was a walkway for the kids that walked in Kapa'a Town, go up Mailihuna Road and take that spur to go up to the old doctor's residence by Mahelona Hospital. Now, are they going to use that? That was a walkway for the kids. So those are the things.

Mr. Nakamura: Six minutes, Mr. Chair.

Council Chair Furfaro: Mr. Rosa, that was the notice for your second three minutes, but I will give you one minute to summarize, please.

Mr. Rosa: Yeah, all right. So they're going to make a spur and they're going to take away a so-called what was a safety walkway for the students. So if (inaudible) and used that as a walkway, it's going to be competing with bicyclists and joggers and walkers. So those are the kind of things that Doug

not even was aware of it. He wasn't around here. I'm an old state worker and I'm part of history. It's just like I talked to Ray McCormick yesterday. He had some interesting questions for me. So he said you're totally a historian, like they always refer you to. So anyway, those are some of the things I noted that need to be considered, not only just hearsay. Talk is easy, but to execute and get the proper funding. But like as I say, I would (inaudible) and work with the state DOT, get a new bridge because that bridge is a floating bridge. Even if you have to put fancy four lanes over there that can just sit because that pier on the Līhu'e side is infested with teredos and it might just sink. I don't think the young DOT people in Honolulu are aware of that, but those are some of the things, like I told Ray McCormick, to look into. Anyway, thank you.

Council Chair Furfaro: Thank you, Mr. Rosa. Are there any questions for Mr. Rosa? If not, thank you for your testimony. Members, I'm going to call this meeting back to order so we can move to receive this communication. Is there any further dialogue here? Council Vice Chair Yukimura, go ahead.

There being no one else wishing to testify, the meeting was called back to order, and proceeded as follows:

Ms. Yukimura: Yes, I want to thank Mr. Rapozo and Mr. Haigh, both for coming today to brief us. It was a very informative briefing and made me realize anyway more and more how enormous this task has been and will continue to be in terms of planning, design, land acquisition, construction, figuring out the management and maintenance of the facilities, but it's in my mind very much worth it in terms of the benefit that is being brought to our community. And when I look at the \$4.1 million in ARRA funds and hear the discussion about where the moneys are going to come from, I'm reminded of a remark that Jim Charlier, our consultant on the multi-modal plan said at the Get Fit annual meeting. He said, plans don't follow money. He said, money follows plans. And you know, if we didn't have the plans ready, we couldn't have accessed the ARRA moneys, which we never predicted were going to be available. But if we have the vision and we have plans to back them up, who knows what source of money may become available? Certain sources might be cut, but other sources might be brought forth and so if we have this idea of what we want for our community and we get to the level of doing all the homework and getting the plans, I think that's why we're the first in the state in terms of these moneys, transportation moneys, because we were ready for them. And I just see all the planning processes as a way to get ready. Thank you, Chair.

Council Chair Furfaro: Any further discussion, members? Mr. Chang?

Mr. Chang: Yeah, thank you, Chair. I just wanted to do a little housekeeping here since we made reference to on page 8, we make reference to the Aston Kaua'i Beach Hotel, but it's actually the Aston Aloha Beach Hotel. So I just wanted to make that for the record because Ray Blouin, and previous to that Ron Kikumoto really has adopted that area and has really taken care of that area and as we were building the bridge, many of their, not only employees, but their guests were temporarily inconvenienced. So I just wanted to make sure that we share our aloha to the Aston Aloha Beach Hotel.

And also what we were chatting about a little earlier that Lenny Rapozo was mentioning on page 15, I think a lot of us have participated in the past years in the Mayor-A-Thon. But interestingly when you look at the various community organizations like Kapa'a High School and the Multiple Sclerosis, Kaua'i Humane Society and in the makings are American Cancer Society with the Humane Society Bark-for-Life, as well as KIDS School, you know a lot of these people and

organizations are utilizing the path and they're doing it for the first time and they're first annual events. So we only hope and we would trust that these events will continue to happen on an annual basis because you know when I use the path, we all use the path, you just see happy people. I mean it's just a real joyous way to be fit and enjoy the scenery and I can just say it's not only a health benefit, but I think it's just a great alternative to stress when you're responsibly walking your dog or riding your bike or roller blading or walking or jogging. I think it's a great, great benefit for all of Kaua'i and you just see a (inaudible) whole bunch of local people that you have never seen and you see them fit and see a lot of the visitors. So I'm just very excited about how the community really is using our multi-use path. So I just wanted to mention that and I wanted to thank Lenny Rapozo and Doug Haigh for this beautiful presentation. And I always enjoy receiving these in color because it's just that much more visual, if you will. So thank you very much. Thank you, Chair.

Council Chair Furfaro: You're quite welcome. If there's...oh, Councilman Kuali'i?

Mr. Kuali'i: I just wanted to also echo those thank you's and say thank you for the work that you've done and I do look forward to the next quarterly report in three months and then the other thing is that I think the path will be most valuable to all of our residents when it's all connected. And I think that they connect to the actual neighborhoods along the coast is really important. And so I will put in a last plug for Anahola again and say that hopefully in the next quarterly report we'll have something new to say about that because I'll work on it and I'll help you and thank you so much.

Council Chair Furfaro: Yeah, I'm going to go back to Vice Chair Yukimura for a moment. Go ahead.

Ms. Yukimura: What Councilmember Chang said also reminded me that the path doesn't just provide jobs during its construction phase, but all the events that bring people into town, into Kapa'a Town also really are an economic boost to the town and businesses around the path. Besides creating new businesses, such as the bicycle rental places and so forth. So it's an economic booster and so just another way that the path really serves our community.

Council Chair Furfaro: Okay, members, I do need to say that we are a little bit behind our caption break here and I do want to move to receive. Is there anything else to say at this point?

Ms. Nakamura: Move to receive.

Mr. Kuali'i: Second.

Ms. Yukimura: There's a motion already.

Council Chair Furfaro: We have a motion already, and okay, but thank you for that. All those in favor, please say aye.

The motion to receive C 2011-222 for the record was then put, and unanimously carried.

Council Chair Furfaro: We are now on a caption break for 10 minutes.

There being no objection, the meeting was recessed at 11:39 a.m.

The meeting was called back to order at 11:54, and proceeded as follows:

Council Chair Furfaro: Okay, thank you very much. We're back from recess and we have a request to have someone from housing come over for 225. Could you so note, Mr. Clerk, until such time that someone from housing arrives?

Mr. Nakamura: So noted, Mr. Chair. We're at the top of page 2 of the council's agenda on communication C 2011-223.

C 2011-223 Records Disposal form (07/01/2011) from the Assistant Chief Procurement Officer, requesting Council approval, for authorization to destroy procurement work files for all procurement methods (IFBs, RFP, Professional Services, Written Information Bids) dated 2003 and older, as they have been kept for over seven years and are no longer of use or value: Mr. Chang moved to approve C 2011-223, seconded by Mr. Kuali'i, and unanimously carried.

Council Chair Furfaro: Before we get to the next item 224, I want to make a housekeeping note for members. The first two proposals on suggested sales prices were inverted. The number that should be on no. 1's amount is in fact the number that is on no. 2. And the number that should be on no. 2 is in fact the no. 1. So if we can just switch that before we go any further, I'd appreciate it. Would you so note that change, Mr. Clerk?

Mr. Nakamura: So noted, Mr. Chair, communication C 2011-224.

C 2011-224 Communication (07/01/2011) from the Director of Housing, requesting Council approval of the following:

- (a) To sell the following six residential properties at an affordable leasehold sales price as itemized below or at the appraised value, whichever is lower:

(1) 755 Akalei Street, 'Ele'ele, HI 96705	\$191,200
TMK: (4) 2-1-009-077	
(2) 4611 Lilia Street, 'Ele'ele, HI 96705	\$212,300
TMK: (4) 2-1-009-074	
(3) 4232 Malae Street, Lihu'e, HI 96766	\$271,000
TMK: (4) 3-6-019-049-002	
(4) 4734 Mimilo Street, Kapa'a, HI 96746	\$205,000
TMK: (4) 4-6-029-003	
(5) 5457 Kula Mau'u Street, Kapa'a, HI 96746	\$239,000
TMK: (4) 4-6-013-124	
(6) 4876-B Nunu Road, Kapa'a, HI 96746	\$172,800
TMK: (4) 4-6-015-012-003, and	

- (b) To authorize the County Clerk to sign all legal documents related to the sale of these properties.

Council Chair Furfaro: Thank you. I'm looking for a motion.

Mr. Rapozo moved to approve C 2011-224, seconded by Ms. Yukimura.

Council Chair Furfaro: Any discussion on these items? Council Vice Chair?

Ms. Yukimura: Yes, I just want to point out again and commend our housing department for devising this leasehold process which really makes properties affordable for our families.

Council Chair Furfaro: Thank you very much. Councilmember Kualii.

Mr. Kualii: I, too, want to commend the housing agency. It's wonderful that there's these six homes, five I know came through the Neighborhood Stabilization Program and the sixth one through the Housing Revolving Fund, and these prices are incredible and I think will be a real benefit to our families.

Council Chair Furfaro: Thank you. Council Vice Chair?

Ms. Yukimura: Yes, one other thing. I do want to acknowledge our former housing head Ken Rainforth because it was under his leadership that this approach was begun and now it's unfolding in a way that's really making homes available for families.

Council Chair Furfaro: Thank you for so noting that. Any other discussion?

Ms. Nakamura: I don't see anyone from housing here, but I have some questions, and I will put these questions in writing for the agency.

Council Chair Furfaro: Okay, we are waiting for housing on the next item. If before I call for a vote, if you want to see if you can pose those questions to them before I call for the vote, I'd be glad to do that.

Ms. Nakamura: Okay.

Council Chair Furfaro: We do have a call in to Mr. Mackler.

Mr. Nakamura: Council Chair, staff has informed us that he's on his way.

Council Chair Furfaro: He is on his way. So we'll just continue.

Ms. Nakamura: Okay, all right.

Council Chair Furfaro: We can do that.

Ms. Nakamura: Thank you.

Council Chair Furfaro: Would you so note that, this item 224 as well as 225? Let me just see if there was anyone in the audience that wants to testify on 224. Seeing no one. Okay, we will defer this until housing is here.

Mr. Nakamura: Council Chair, if we can move on, on page 2 of the council's agenda to communication C 2011-226.

C 2011-226 Communication (07/11/2011) from the Director of Parks and Recreation, requesting Council approval, to accept a gift of \$6,000.00 from the Florence Iwamoto Kaua'i Fund at the Hawai'i Community Foundation, to fund

specifically the Lihue Senior Center to support intergenerational programs and the purchase of equipment: Ms. Yukimura moved to approve C 2011-226 with a thank-you letter to follow, seconded by Mr. Rapozo, and unanimously carried.

Council Chair Furfaro: Thank you very much. Next item, Mr. Clerk.

Mr. Nakamura: Next matter for approval is communication C 2011-227.

C 2011-227 Communication (07/12/2011) from the Chief of Police, requesting Council approval, to accept and utilize a vehicle acquired through the Asset Forfeiture Program, which will be assigned to the Vice/Narcotics Unit: Mr. Kuali'i moved to approve C 2011-227, seconded by Ms. Yukimura, and unanimously carried.

Council Chair Furfaro: Thank you.

Mr. Nakamura: Council Chair, on the bottom of page 2 for approval is communication C 2011-228.

C 2011-228 Communication (07/14/2011) from the First Deputy Prosecuting Attorney, requesting Council approval, to expend \$7,500.00 of County (\$4,450.00) and State Asset Forfeiture Funds (\$3,050.00) for the purchase of two (2) laptop computers and three (3) desktop computers, to accommodate new employees: Mr. Kuali'i moved to approve C 2011-228, seconded by Mr. Chang, and unanimously carried.

Council Chair Furfaro: Thank you. Next item.

Mr. Nakamura: On page 3 of the council's agenda, Council Chair, for approval, communication C 2011-229.

C 2011-229 Communication (07/18/2011) from the Executive on Transportation, requesting Council approval to apply for, receive, indemnify, and expend Fiscal Year 2011 Federal Transit Administration (FTA) Section 5309 "Bus Livability Program" grant in the amount of \$1,000,000.00, to provide passenger shelters and improvements for public transit bus stops: Ms. Yukimura moved to approve C 2011-229, seconded by Mr. Kuali'i, and unanimously carried.

Council Chair Furfaro: Thank you, members. Is there anyone in the audience who wants to speak on this? If not, I'd like to expand on an email that I've have received and coordinated through Ashley Bunda. I'll ask her to circulate this. The grant for the bus shelters, this grant should cover 75 bus shelters at about \$13,300. And the buses are all going to be standard diesel. Three of the buses are 30-foot length and five are less than 30 feet. I don't know what their actual length is, but that's what's covered in this communication. Any further discussion? Council Vice Chair?

Ms. Yukimura: Yes, Chair, I remember our discussions during budget about how many bus shelters we could do, but to have this money from the federal government is really a wonderful thing and as you see people standing out in the hot sun or rain, you realize the need is great. So it's wonderful news that we'll be able to get this money.

Council Chair Furfaro: Yes. I have no timetable of the actual arrival and installation.

Ms. Yukimura: And thank you to our transportation agency for going for those grant moneys.

Council Chair Furfaro: Yes, Mr. Rapozo?

Mr. Rapozo: Yeah, I just wanted to find out and maybe we can send over a communication, during the budget process the administration did mention that they were going to explore the prefab type of bus shelters because it was a lot cheaper. And I just want to find out if they in fact did that and they could reduce the cost per shelter and do a lot more shelters, if in fact they go that route. And so if we could send a communication requesting that if in fact they did explore that and what their decision will be? Because I believe the cost was quite high per shelter. I believe it was at \$25,000, if I'm not mistaken. And if we do a prefab type, obviously you could get it done and do more shelters with the money. So if we can just find out exactly what their plan is. I'm going to support the request simply because it's a grant that will help us put up these shelters. But the more we can build the better and I think if we go with the prefab route, it's probably a better way.

Council Chair Furfaro: I will ask Ashley to clarify that. But as I read the communication that I asked them for, they're referencing 75 of these shelters at about \$13,300 and they are indicating that they are actually purchases of bus shelters, so not contract, but we'll get that clarification for you.

Mr. Rapozo: Okay.

Council Chair Furfaro: I assumed that's exactly what they were, so any further discussion? If not, all those in favor, please signify by saying aye.

The motion to approve C 2011-229 was then put, and unanimously carried.

Council Chair Furfaro: Thank you very much. Next item?

Mr. Nakamura: Next item on page 3 of the council's agenda for approval is communication C 2011-230.

C 2011-230 Communication (07/18/2011) from the Executive on Transportation, requesting Council approval to apply for, receive, indemnify, and expend Fiscal Year 2012 Federal Transit Administration (FTA) Section 5309 State of Good Repair grant in the amount of \$975,000.00, to purchase buses for the Transportation Agency: Ms. Yukimura moved to approve C 2011-230, seconded by Mr. Kuali'i.

Council Chair Furfaro: And just so note the buses that I described in the earlier email are the buses being referred to in this communiqué. So is there any public testimony on this item? Members, any further discussion? If not, all those in favor, signify by saying aye.

The motion to approve C 2011-230 was then put, and unanimously carried.

Council Chair Furfaro: Thank you very much. We'll go to legal documents.

Mr. Nakamura: Next matter for approval is attached to communication C 2011-231.

LEGAL DOCUMENT:

C 2011-231 Communication (07/14/2011) from the Director of Parks and Recreation, recommending approval of the following from the Association of Apartment Owners of Lae Nani, Inc.:

- Grant of Easement conveying Easement "A-1", Wailua, Kapa'a, Island and County of Kaua'i, State of Hawai'i, identified as Kaua'i Tax Map Key No. (4) 4-3-02-10, to the County of Kaua'i for the Lydgate Park to Kapa'a Bike and Pedestrian Path purposes.

Ms. Yukimura moved to approve C 2011-231, seconded by Mr. Kuali'i, and unanimously carried.

Council Chair Furfaro: Thank you very much.

Mr. Nakamura: Next matter for approval is a resolution. This is Resolution No. 2011-65.

RESOLUTION:

Resolution 2011-65, RESOLUTION CONFIRMING COUNCIL APPOINTMENT TO THE PUBLIC ACCESS, OPEN SPACE, AND NATURAL RESOURCES PRESERVATION FUND COMMISSION (*Maurice Nakahara – At-Large*): Ms. Yukimura moved to adopt Resolution No. 2011-65, seconded by Mr. Rapozo.

Council Chair Furfaro: Thank you. This, again, is a reappointment. For many of us we interviewed him on his first appointment and he is an educator and a well known waterman. So any testimony from the audience? If not, all those in favor...I'm sorry, this is a roll call vote, my apology. We jumped to a resolution, I'm sorry.

The motion to adopt Resolution No. 2011-65 was then put, and carried by the following vote:

FOR ADOPTION: Chang, Kuali'i, Nakamura, Rapozo,	TOTAL – 6,
Yukimura, Furfaro	
AGAINST ADOPTION: None	TOTAL – 0,
EXCUSED & NOT VOTING: Bynum	TOTAL – 1.

Mr. Nakamura: Six ayes, Mr. Chair.

Council Chair Furfaro: Thank you very much and I want to thank Maurice for his previous service on this commission. Before we go to bills for first reading, can we go back to the communication item for the housing department? Thank you for coming right over. We have two communications that we want to visit with you on. The first communication we've had some discussion is item C 2011-224. We corrected the inverted numbers, Gary, that were on the communication, but specifically I'll suspend the rules and Councilwoman Nakamura had some questions.

There being no objection, the rules were suspended.

Ms. Nakamura: Good morning. I just had a few questions. The sources of funds that the county used to originally purchase the property, it states as the Neighborhood Stabilization Program funds. My question is are there funds still available for purchase of homes?

GARY MACKLER, Housing Development Coordinator: Okay, thank you very much for your question. Gary Mackler, for the record, housing agency. With me is our homebuyer coordinator, Fay Rapozo. And in response to your question, we originally depleted all of the Neighborhood Stabilization Grant that we could within the window of time that was allowed for us to expend those dollars by the Hawai'i Housing Finance and Development Corporation. During the period of time when we were allowed to expend those dollars, we acquired six residential properties with the Neighborhood Stabilization Program funding and also funded the construction, the new construction of three single-family homes, two of which are located in 'Ele'ele and one in Waimea, to also add to our inventory of affordable properties to make available for leasehold sales. So all told, we were able to use that grant for nine residential properties.

Ms. Nakamura: Okay and when these homes are sold, what will the proceeds be used for?

Mr. Mackler: Okay, I'm going to defer that question to Fay Rapozo because she's handling those sales.

FAY RAPOZO, Homebuyer Coordinator: With all of the revenues received, what we're doing is recirculating the funds and looking for foreclosed homes to repurchase again. So it's like a revolving..

Ms. Nakamura: Okay. Is the original source of the funds through the federal government through the state and then to us?

Ms. Fay Rapozo: Yes, administered by the state, correct.

Ms. Nakamura: Okay and then to be eligible to purchase the homes, your letter states there is a wait-list that you're using?

Ms. Fay Rapozo: Correct.

Ms. Nakamura: I just had a question about how long is the wait-list and how does one get on the wait-list?

Ms. Fay Rapozo: Okay, well, presently we have 415 participants on the wait-list. We have 167 active participants, which means annually we go out and recertify that they're still interested. And so my active list is based on how many participants or families responded. So we have 167 of that. To get on our wait-list, they have to get home-buyer education courses and once they graduate from that course, they are told to come to our office and register with us to get on our affordable housing wait-list.

Ms. Nakamura: Okay, so the first step is the home-buyer education class.

Ms. Fay Rapozo: Right, 8 – 10 hours of the classes.

Ms. Nakamura: Okay, thank you very much for clarifying that.

Ms. Fay Rapozo: You're welcome.

Council Chair Furfaro: Mr. Mackler, I wanted to thank both you and Fay for coming over. As the election cycle goes through, there are new members that may be first-time hearing how the funds are replenished, what the training criteria is to get on the list and be active and so forth. So I just want to take this time since you came over to thank you for coming over, but also to thank you for your ongoing work.

Mr. Mackler: Thank you.

Mr. Kualii'i: I wanted to say thank you, too. We said thank you earlier, but you weren't here, so I want to thank you in person. I just had one quick question following up with Councilmember Nakamura's questions. Aloha and mahalo for being here.

Mr. Mackler: Thank you.

Mr. Kualii'i: So the leasehold is for 99 years?

Mr. Mackler: Actually our lease term is 90 years.

Mr. Kualii'i: Ninety?

Mr. Mackler: Yes.

Mr. Kualii'i: And then you were talking about the wait-list and the education courses, but to be eligible to begin with you have to meet some kind of income requirement, right? And what is that?

Ms. Fay Rapozo: To get educated, anybody can do that. But in order to qualify for the inventory that we have available, certain homes have certain KMI or the County Median Income and those are 80 and for the NSP properties, those go up to 120.

Mr. Kualii'i: So it's 80 and 120.

Ms. Fay Rapozo: Yeah, 80 and below, and 120 to 81 or I should say 81 to 120.

Mr. Kualii'i: Okay, thank you so much and keep up the good work.

Ms. Fay Rapozo: Thanks.

Council Chair Furfaro: Any further questions on this item 224? Council Vice Chair?

Ms. Yukimura: Well, maybe if anybody watching would like to get on the list, can we tell them what number to call or even if they just want to participate in the homebuyer program or what is it called? Homeowner education program.

Ms. Fay Rapozo: Okay, I don't have the two entities' phone numbers available, but I would suggest that they call our office, 241-4444, and ask to speak to either Lisa, Steve or myself, Fay Rapozo, and we'll get them connected to be able to initiate their education.

Ms. Yukimura: So if anybody's interested in the homebuyers' course which then qualifies them to get on the buyers' list if they meet the income requirements, 241-4444. Ask for Lisa, Fay or Steve. Thank you.

Mr. Mackler: Just one other thought about that is that even if they're not interested in or able to buy a home at this time, we still encourage people to go through the class. It focuses heavily on credit counseling and how to repair credit, and the service providers also provide foreclosure-prevention services. So for existing homeowners who may have a need of foreclosure-prevention, these services are there, and we also encourage that they contact us for those resources because they will provide help in that regard.

Ms. Yukimura: Thank you. That's wonderful to know.

Council Chair Furfaro: Go ahead.

Ms. Nakamura: One more question. Do we know how many homes have been foreclosed on on Kaua'i to date?

Ms. Fay Rapozo: I'm sorry, I don't have that information.

Ms. Nakamura: Okay and do we know of any other sources of funding that might be available to purchase homes?

Ms. Fay Rapozo: The only one that I'm apprised of would be the standard lenders like Bank of Hawaii, First Hawaiian, Wells Fargo.

Ms. Nakamura: Conventional lenders.

Ms. Fay Rapozo: Conventional lenders. And USDA because there are a lot of people that are still able to...well, there's a wait-list as well at USDA. So we work with all of these lenders.

Ms. Nakamura: Okay, thank you.

Council Chair Furfaro: Thank you again and thank you for putting that phone number out there. I'm glad it wasn't 2222. It might get confused with the cab. And you know, that perception is there. So 241-4444.

Ms. Fay Rapozo: Correct.

Council Chair Furfaro: Thank you very much.

Ms. Fay Rapozo: You're welcome.

There being no further questions, the meeting was called back to order, and proceeded as follows:

Council Chair Furfaro: May I ask for all those in favor of this item, please signify by saying aye?

The motion to approve C 2011-224 was then put, and unanimously carried.

Council Chair Furfaro: Thank you very much. Can we go to the next item, Mr. Clerk?

Mr. Nakamura: On page 2, the next matter for approval is communication C 2011-225.

C 2011-225 Communication (07/01/2011) from the Director of Housing, requesting Council approval, to decline the County's option to repurchase Unit No. 8, Villas at Puali, located at 1939 Haleukana Street, #8, Lihu'e, Hawai'i, 96766, TMK (4) 3-3-003-039-008 and to grant the owner a one-year waiver of the buyback, thus permitting the market sale of the unit by the owner for a period of one year.

Council Chair Furfaro: Okay, may I have a motion to approve first.

Mr. Chang moved to approve C 2011-225, seconded by Mr. Kualii.

Council Chair Furfaro: Thank you very much. On that note I'm going to suspend the rules. I think Councilmember Rapozo has a request and some information from you.

There being no objection, the rules were suspended.

Mr. Rapozo: Thank you and thanks for being here and congratulations grandpa.

Mr. Mackler: Thank you.

Mr. Rapozo: You know, I was looking through the disclosure and I saw that the price based on the formula to repurchase this unit was over \$500,000 and that's due to the high sale price or purchase price when, I guess, the market was a lot better. But the ordinance also requires or allows us to purchase at market, right, whatever is lower. Isn't that the case? I believe that if...

Mr. Mackler: Actually, maybe I could provide a little more background on this.

Mr. Rapozo: Yeah, please.

Mr. Mackler: The Puali project, the owner of the project put six-year buyback restrictions on all of the sales that were not investor sales. So there were a number of units that were called non-investor units and some that were investor units. The six-year buyback restriction was patterned almost exactly after the county's buyback restriction, which provides the compensation to the purchaser for the original sales price plus their original closing costs, plus any approved capital improvements that are made during their time of ownership plus a rate of interest. Our buyback is 1 percent. This buyback modified it slightly because it was tied to the CPI index. So it actually, in this calculation, went up a little higher than 1 percent. I think it was 2.2.

Mr. Rapozo: One, two point one (2.1).

Mr. Mackler: Okay and so in that respect, it just follows the formula that we have used for quite a many years now to calculate repurchase amounts. And in this case, as you've stated, the calculation shows us that this unit would be purchased well above the market value of the unit in today's real estate market.

Mr. Rapozo: So if the market value is less, we're not allowed or we're not authorized to purchase it at that lower level? That's what the letter says. I'm reading the letter. It says, "per ordinance 2005-372, the buyback requires a repurchase price of \$502,300 or at market value, whichever is less." But I guess my question is what is the market value of this unit because...

Ms. Fay Rapozo: Well, based on what I've seen going, market values around Pualu now is \$300,000.

Mr. Rapozo: Right, it's in the low 300s.

Ms. Fay Rapozo: And the housing agency has taken the...I shouldn't say attitude, but it's very difficult at this point to buy a condo unit and to try and sell it to our people on our affordable housing wait-list, only because there's an extra maintenance fee that they have to pay. So we've kind of declined from wanting to purchase condos at this time. But yes, we could, but we're asking to decline.

Mr. Rapozo: Obviously, we rely on your folks' experience, but I know...the thing that really bothered me is this house has been on the market for 125 days and I don't understand how they can put a house on the market to try and sell a property that has a buyback restriction. And that concerns me. They're asking 336 for the house, \$336,000. I pulled a lot of the real estate information on the website and they're having a hard time selling it at \$315,000, \$310,000, \$305,000. Our county assessed the property at less than \$260,000. So I don't know if we can get...I was looking at the mortgage balance of the property, of this unit is \$180,000, a little over \$180,000. So even if the county was to buy it back at...I don't know if we tried. I don't know if we make those kinds of offers. Do we try to negotiate and purchase it? Because I still think it's a good deal even at the high 2s or even \$300,000.

Ms. Fay Rapozo: I agree with you, but again, if I buy this inventory, will I be able to turn it over? We've had an experience with another unit within the vicinity and it took me a long time trying to dispose of it. And my mission here is to buy a house, turn it around, get somebody in as an affordable unit, get it in and not hold something as an inventory, which is basically a loss to the county.

Mr. Rapozo: Right. But let's say and let's use the \$300,000 number. Let's say we purchased the property at \$300,000.

Ms. Fay Rapozo: Yes.

Mr. Rapozo: Let's say we sell the property for \$250,000. The county loses \$50,000; that's one way of looking at it. Or you can look at it as the county was able to put up an affordable unit that's less than six years old for \$50,000. That's one way of looking at it. So in other words, you went out and purchased the property, kept it affordable, because once we give this right up, then it's out of affordable forever.

(?): (Inaudible.)

Mr. Rapozo: No, it's done. We get first right. So once we give this unit up, it's out of the affordable housing inventory forever and they'll turn around and sell this property for \$300,000 when the market gets better, it's a good investment property. But my point is this, you can look at it as taking a loss to the county or you can look at it as an investment by the county to create one more affordable housing unit at a very good price to the right family. And even if we sold it even at \$225,000, even if we sold it at \$230,000 or \$240,000, on paper it looks like a loss, but it also creates a brand new...relatively brand new unit in the inventory and keeping it affordable. That's how I look at it. And so it's just a concern. I think the \$502,000, obviously, that is a no. I would never pay \$502,000 for this unit. That guy makes a lot of money out of an affordable opportunity. I'm just worried that in times like today, that's when we should be moving with inventory. When the market is down is when the county should be spending some money to increase our inventory and this would be an opportunity, like I said, even if we get it at \$300,000, I don't know what this guy would go down to. Like I said, it's been on the market for 125 days as of today at \$336,000 and it hasn't sold. I have a whole list over here of Puali units on the market that are not being sold. He's in it. He has \$180,000 in it right now that he owes. He can turn around a pretty good equity cash out with the county and we inherit that property and we keep it in affordable forever, even if it had cost us a negative \$50,000 in the turn. So that's kind of just what I...have we explored that opportunity is the question I had and then the bigger question is, we'll send over in writing as far as the policy, how are these guys are allowed to put their houses on the market when they're part of a buyback requirement? That's the other thing that...I don't know if we...maybe we have to amend the ordinance to put in some kind of sanction if that happens.

Council Chair Furfaro: So let me summarize that. The buyback provision is six years.

Mr. Mackler: For this particular project it is.

Council Chair Furfaro: Yes, for this project, that's what we're talking about. The Consumer Price Index we're dealing with is the Honolulu Consumer Price Index.

Mr. Mackler: Yes.

Council Chair Furfaro: So we have a formula that we can lay out there. The question on the affordability must incorporate not only the mortgage possibility, but also within that housing payment what the common area maintenance fee would be, too.

Mr. Mackler: Yes.

Council Chair Furfaro: Okay, so if someone can afford \$1650 and we know the common area maintenance is in fact \$250 a month in association dues, then we need to have that as part of the calculation. And then this project is fee?

Mr. Mackler: Yes, it is.

Council Chair Furfaro: Okay, so we need to explore on keeping it affordable. We need to explore legally if we could buy something fee and then we can turn around and lease it.

Mr. Mackler: We can.

Council Chair Furfaro: And so those are the four points that I think Mr. Rapozo is making that are worth exploring.

Mr. Mackler: Yes.

Council Chair Furfaro: Even if we did one unit as a test.

Mr. Mackler: Most of the units at Puali, by the way, are almost out of their six-year restricted period. But the other thing that Fay mentioned and I want to go back to is the ability for us to move the product after we've purchased the product. You know there are empty units sitting at Kamamalu right now for less money, new units for sale, for less money than what we would probably have to sell this Puali unit for, and we have a limited amount of resources to repurchase and resell units with and if we tie up our resources by buying units that we can't sell so that we get that money back and continue to roll over, we're tying up our ability to move the housing product out and that's a real concern for us. So looking at it from that standpoint, Councilmember Rapozo, we feel that we shouldn't recommend purchasing this Puali unit because we feel at this time it would really tie up our ability to move it out. And I realize there's opportunity there as well, but for us it's very important to use our limited resources in a way that can maximize moving properties to the affordable purchasers.

Ms. Fay Rapozo: Which would mean allowing people to buy outside inventory, come to me for help with Gap funding. So I want to be able to use those resources to help those people as well.

Council Chair Furfaro: Just before we go too far on the resources. You know where your resources come from? Okay, they come from this body. So if you tell us you would like to have an investment in a larger pool of money, because I think Mr. Rapozo's point is quite well, for buying a unit for \$300,000, we resell it for \$260,000, it's only costing us \$40,000 to add inventory. I think that was the main portion of his point and I think he had his hand up again?

Mr. Rapozo: Yeah, we have any unsold units? Where did you say the other ones are?

Mr. Chang: Kamamalu.

Mr. Mackler: We do have a sizeable inventory of unsold units at this time. If you don't mind, I'll let Fay give you a quick rundown of what we have right now.

Ms. Fay Rapozo: We have about 12 sold at the moment, so we do have at least...how many...what was the total amount of units we had?

Mr. Chang: You're talking at Kamamalu?

Ms. Fay Rapozo: Yes, let's say about 12 unsold.

Mr. Rapozo: Twelve sold and 20 unsold.

Ms. Fay Rapozo: No, 12 unsold.

Mr. Rapozo: There's a 24-unit project over there?

Mr. Mackler: We're just talking about the inventory of housing that we have at this time that we are moving forward to sell. We have 12 properties which are scattered in different locations of the island and Fay can give you more specific information about where they're located and what kind of properties they are.

Ms. Fay Rapozo: But I think Mel's question was on Kamamalu?

Mr. Rapozo: Yeah.

Ms. Fay Rapozo: Okay. How many units at Kamamalu? I can't remember.

Mr. Rapozo: And that's fine.

Ms. Fay Rapozo: Thirty-one. Okay, 31 and we've sold 12 approximately, yeah, 12.

Mr. Rapozo: Okay. Then I guess as we have these properties that we purchase and try to resell, are we trying to sell it at what we bought it for or are we utilizing that philosophy even if we lose some? It's called addition by subtraction, yeah. You lose, you've given up some of the money, but at the end of the day when you look at the value versus what the county actually paid for it, it's a substantial benefit.

Mr. Mackler: Well, as I referred to earlier, we produced nine units with the Neighborhood Stabilization Program grant. The amount that they were purchased for is not the amount...they would be sold for a much smaller amount than what they were purchased for, which does create a government subsidy on the sale. So that is the reason that they're leasehold sales because the only way to preserve that subsidy and preserve those units for long-term or permanent affordability is to use a mechanism like leasehold. If we were to sell those properties fee simple, there would be a potential windfall benefit to the purchaser who was fortunate enough to come along at this time to get one of those units. So, we're trying to as a public policy to preserve that subsidy for future...should the original purchaser sell those units 20, 30, 40 years down the road to have a way to make those units again available to those who are in affordable groups without giving away that subsidy. So that's really the thinking behind it.

Council Chair Furfaro: Gary, I think you're making my point. If we bought them, right, and then we resold them, we would resell them for lease, so that the asset stays in our control.

Mr. Mackler: Yes, Chair.

Council Chair Furfaro: I said that in the beginning. I don't mean to push (inaudible) it sounds like. Councilwoman Yukimura has a question. We need to take a break because we do have a 1:30 p.m. public hearing. Councilwoman?

Ms. Yukimura: I think I'll defer my question until we have a more robust opportunity for discussion, maybe in the housing committee, because this is a major policy matter.

Council Chair Furfaro: Why don't we put a new item in your committee in the near future, which can also cover a very accurate summary of our inventory. Does that help, Council Vice Chair?

Ms. Yukimura: Yes.

Council Chair Furfaro: Okay. We'll put a new item here.

Ms. Yukimura: Thank you.

Council Chair Furfaro: Okay, let's attend to the business at hand, which is item 225. Mr. Rapozo, are you satisfied that we'll put a new agenda item on?

Mr. Rapozo: Yes.

Council Chair Furfaro: Okay, are there any further questions here?

Ms. Yukimura: So what is the thought with this particular matter before us then?

Council Chair Furfaro: The matter before us and the motion is to approve.

Ms. Yukimura: Okay, so our policy discussions would be for...

Council Chair Furfaro: In a new item in your committee.

Ms. Yukimura: That's fine.

Council Chair Furfaro: Acceptable?

Ms. Yukimura: Yes.

Council Chair Furfaro: Okay, very good. Thank you for coming over. I'm going to see if there's any public comment for this agenda item before we vote.

Mr. Mackler: Thank you.

Council Chair Furfaro: Is there anyone in the public that would like to speak on this item?

GLENN MICKENS: Thank you, Jay, for the record Glenn Mickens. I just want to congratulate Gary and Fay. They run this department so well. I think they picked up from when Ken used to be there because I thought he was the greatest. So I think they're doing a great job. Thank you.

Council Chair Furfaro: Thank you for that commentary. Any further discussion on this item before I call the meeting back to order? I will call it back to order now.

There being no one else wishing to speak on this matter, the meeting was called back to order, and proceeded as follows:

Council Chair Furfaro: We have a motion and a second to approve, before we break for lunch here, all those in favor, signify by saying aye.

The motion to approve C 2011-225 was then put, and unanimously carried.

Council Chair Furfaro: Thank you very much. And we will attempt to finish the last item.

Ms. Yukimura: We're just going to receive, right, and then we're pau?

Council Chair Furfaro: Pretty much so, yes. Go ahead.

Mr. Nakamura: Council Chair, we're on page 3 of the council's agenda on a Bill for First Reading. This is Proposed Draft Bill (No. 2409).

BILL FOR FIRST READING:

Proposed Draft Bill (No. 2409) – A BILL FOR AN ORDINANCE TO AMEND KAUAI COUNTY CODE 1987, AS AMENDED, BY ESTABLISHING A NEW ARTICLE RELATING TO A RETAIL USE CONCESSION AT THE PIIKOI COUNTY BUILDING: Mr. Kualii moved to receive Proposed Draft Bill (No. 2409) for the record, seconded by Ms. Yukimura.

Council Chair Furfaro: Thank you. I would like to read a communication that we had from Mr. Rezentes, "The department of public works is reviewing the space needs and requirements of the county departments at this time. Once this review is complete, the county administration intends to submit for council approval a money bill to fund the improvements from the existing CIP budget sources. We will also submit for council approval a money bill to address the revenue decrease as a result of the corresponding rental income reduction." Anyone in the audience that would like to testify on this item? If not, members we have a motion to receive and a second. Any further discussion? All those in favor say aye.

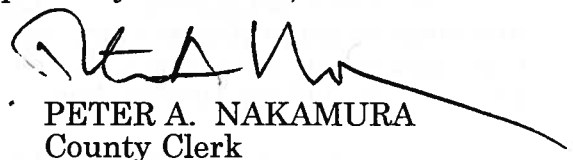
The motion to receive Proposed Draft Bill (No. 2409) for the record was then put and unanimously carried.

Council Chair Furfaro: The meeting is adjourned.

ADJOURNMENT.

There being no further business, the meeting was adjourned at 12:34 p.m.

Respectfully submitted,


PETER A. NAKAMURA
County Clerk

/wa